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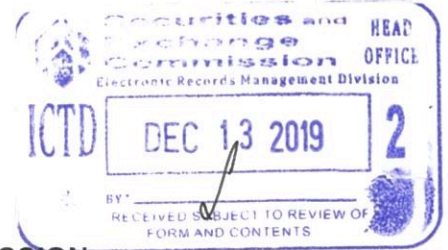
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2) (b) THEREUNDER

1. For the quarterly period ended October 31, 2019
2. Commission identification number. N/A
3. BIR Tax Identification No. N/A
4. Exact name of issuer as specified in its charter Del Monte Pacific Limited
5. British Virgin Islands
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. c/o Philippine Resident Agent,
Craigmuir Chambers, PO Box 71 Road Town,
Tortola, British Virgin Islands Postal Code
8. +65 6324 6822
Issuer's telephone number, including area code
9. N/A
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	1,943,960,024
Preference Shares	30,000,000

11. Are any or all of the securities listed on a Stock Exchange?

Yes [/] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Singapore Exchange Securities Trading Limited - Ordinary Shares
Philippine Stock Exchange - Ordinary and Preference Shares

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes ☐ No ☐

- (b) has been subject to such filing requirements for the past ninety (90) days.

Yes ☐ No ☐

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the Financial Statements (FS) section of this report, FS to FS43.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Please refer to the Management's Discussion and Analysis of Financial Condition and Results of Operations section of this report.

PART II--OTHER INFORMATION

Not Applicable

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer **Del Monte Pacific Limited**

Signature and Title


Parag Sachdeva
Chief Financial Officer and Duly Authorized Officer

Date

December 6, 2019

Del Monte Pacific Limited and its Subsidiaries

Unaudited Interim Condensed Consolidated
Financial Statements
For the Six Months Ended
31 October 2019 and 31 October 2018
(With Comparative Audited Consolidated Statement of
Financial Position as at 30 April 2019)

Unaudited Interim Consolidated Statements of Financial Position

(With Comparative Audited Figures as at 30 April 2019)

	Note	As at 31 October 2019 US\$'000 (Unaudited)	As at 30 April 2019 US\$'000 (Audited)
Noncurrent assets			
Property, plant and equipment – net	6	520,835	582,033
Right-of-use assets	3	216,801	–
Investments in joint ventures	8	22,997	24,212
Intangible assets and goodwill	7	704,672	707,997
Deferred tax assets – net		137,344	106,321
Biological assets	10	1,901	1,682
Pension assets		8,013	8,240
		1,612,563	1,430,485
Other noncurrent assets	9	32,239	39,096
		1,644,802	1,469,581
Current assets			
Biological assets	10	56,405	52,320
Inventories	11	926,220	664,922
Trade and other receivables	12, 18	218,564	149,054
Prepaid expenses and other current assets	13	43,908	36,716
Cash and cash equivalents	14, 18	35,221	21,636
Noncurrent assets held for sale		4,543	4,465
		1,284,861	929,113
Total assets		2,929,663	2,398,694
Equity			
Share capital	22	49,449	49,449
Share premium		478,339	478,339
Retained earnings (deficit)		(241)	96,074
Reserves		(81,228)	(65,827)
Equity attributable to owners of the Company		446,319	558,035
Non-controlling interest		32,681	43,106
Total equity		479,000	601,141
Noncurrent liabilities			
Loans and borrowings	15, 18	799,761	985,915
Lease liabilities	3	176,086	–
Employee benefits		86,450	63,781
Environmental remediation liabilities		14,786	697
Deferred tax liabilities – net		6,953	6,404
Other noncurrent liabilities	16	19,896	30,015
		1,103,932	1,086,812
Current liabilities			
Loans and borrowings	15, 18	974,068	492,740
Lease liabilities	3	29,771	–
Employee benefits		35,677	27,640
Trade and other current liabilities	17, 18	303,722	188,669
Current tax liabilities		3,493	1,692
		1,346,731	710,741
Total liabilities		2,450,663	1,797,553
Total equity and liabilities		2,929,663	2,398,694

Unaudited Interim Consolidated Statements of Income

	Note	Six months ended 31 October	
		2019 US\$'000	2018 US\$'000
Revenue		934,605	993,507
Cost of sales		(709,322)	(796,772)
Gross profit		225,283	196,735
Distribution and selling expenses		(100,807)	(96,862)
General and administrative expenses	21	(63,952)	(71,074)
Other income (expense) – net		(69,817)	3,059
Results from operating activities		(9,293)	31,858
Finance income		3,845	19,772
Finance expense		(52,385)	(48,234)
Net finance expense		(48,540)	(28,462)
Share in net loss of joint ventures	8	(1,215)	(310)
Profit (loss) before taxation		(59,048)	3,086
Tax expense – current		(46,966)	(2,680)
Tax benefit – deferred		22,260	6,629
		(24,706)	3,949
Profit (loss) for the period		(83,754)	7,035
Profit (loss) attributable to:			
Non-controlling interest		(8,139)	(4,412)
Owners of the Company		(75,615)	11,447
Earnings / (loss) per share			
Basic earnings (loss) per share (U.S. cents)	23	(4.40)	0.08
Diluted earnings (loss) per share (U.S. cents)	23	(4.40)	0.08

Unaudited Interim Consolidated Statements of Comprehensive Income

	Six months ended	
	31 October	
	2019	2018
	US\$'000	US\$'000
Profit (loss) for the period	(83,754)	7,035
Other comprehensive income (loss)		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of retirement plans	(26,301)	3,423
Income tax effect on remeasurement of retirement plans	5,454	718
	(20,847)	4,141
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	3,953	(12,272)
Effective portion of changes in fair value of cash flow hedges	(1,050)	2,214
Income tax effect on cash flow hedges	257	(542)
	3,160	(10,600)
Other comprehensive loss for the period, net of tax	(17,687)	(6,459)
Total comprehensive profit (loss) for the period	(101,441)	576
Total comprehensive profit (loss) attributable to:		
Non-controlling interest	(10,425)	4,433
Owners of the Company	(91,016)	(3,857)
	(101,441)	576

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Consolidated Statements of Changes in Equity
Six months ended 31 October 2019

	<----- Attributable to owners of the Company ----->											
	Share capital US\$'000 (Note 22)	Share premium US\$'000 (Note 22)	Translation reserve US\$'000	Revalua- tion reserve US\$'000 (Note 26)	Remeasure- ment of retirement plans US\$'000	Hedging reserve US\$'000	Share option reserve US\$'000 (Note 23)	Reserve for own shares US\$'000 (Note 22)	Retained earnings US\$'000 (Note 26)	Total US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
Fiscal Year 2020												
At 1 May 2019	49,449	478,339	(93,375)	10,885	17,648	(2,452)	1,753	(286)	96,074	558,035	43,106	601,141
Change in accounting policy (Note 3)									(713)	(713)		(713)
At 1 May 2019, as restated	49,449	478,339	(93,375)	10,885	17,648	(2,452)	1,753	(286)	95,361	557,322	43,106	600,428
Total comprehensive loss for the period												
Loss for the period (Note 23)	—	—	—	—	—	—	—	—	(75,615)	(75,615)	(8,139)	(83,754)
Other comprehensive income												
Currency translation differences	—	—	3,950	—	—	—	—	—	—	3,950	3	3,953
Remeasurement of retirement plans	—	—	—	—	(18,642)	—	—	—	—	(18,642)	(2,205)	(20,847)
Effective portion of changes in fair value of cash flow hedges	—	—	—	—	—	(709)	—	—	—	(709)	(84)	(793)
Total other comprehensive income	—	—	3,950	—	(18,642)	(709)	—	—	—	(15,401)	(2,286)	(17,687)
Total comprehensive income for the period	—	—	3,950	—	(18,642)	(709)	—	—	(75,615)	(91,016)	(10,425)	(101,441)
Transactions with owners of the Company recognised directly in equity												
Contributions by and distributions to owners of the Company												
Value of employee services received for issue of share options	—	—	—	—	—	—	—	—	—	—	—	—
Payment of dividends	—	—	—	—	—	—	—	—	(19,987)	(19,987)	—	(19,987)
Total contributions by and distributions to owners	—	—	—	—	—	—	—	—	(19,987)	(19,987)	—	(19,987)
At 31 October 2019	49,449	478,339	(89,425)	10,885	(994)	(3,161)	1,753	(286)	(241)	446,319	32,681	479,000

*The accompanying notes form an integral part of these unaudited condensed consolidated
interim financial statements.*

Unaudited Interim Consolidated Statements of Changes in Equity
Six months ended 31 October 2018

	<----- Attributable to owners of the Company ----->											
	Share capital US\$'000 (Note 22)	Share premium US\$'000 (Note 22)	Translation reserve US\$'000	Revaluation reserve US\$'000 (Note 26)	Remeasure- ment of retirement plans US\$'000	Hedging reserve US\$'000	Share option reserve US\$'000 (Note 23)	Reserve for own shares US\$'000 (Note 22)	Retained earnings US\$'000 (Note 26)	Total US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
Fiscal Year 2019												
At 1 May 2018	49,449	478,323	(91,515)	10,885	18,225	(2,764)	1,373	(286)	95,505	559,195	49,065	608,260
Total comprehensive income for the period												
Profit (loss) for the period (Note 23)	—	—	—	—	—	—	—	—	11,447	11,447	(4,412)	7,035
Other comprehensive income												
Currency translation differences	—	—	(12,315)	—	—	—	—	—	—	(12,315)	43	(12,272)
Remeasurement of retirement plans	—	—	—	—	3,806	—	—	—	—	3,806	335	4,141
Effective portion of changes in fair value of cash flow hedges	—	—	—	—	—	1,495	—	—	—	1,495	177	1,672
Total other comprehensive income	—	—	(12,315)	—	3,806	1,495	—	—	—	(7,014)	555	(6,459)
Total comprehensive income for the period	—	—	(12,315)	—	3,806	1,495	—	—	11,447	4,433	(3,857)	576
Transactions with owners of the Company recognised directly in equity												
Contributions by and distributions to owners of the Company												
Transaction costs related to the issuance of preference share	—	16	—	—	—	—	—	—	—	16	—	16
Value of employee services received for issue of share options	—	—	—	—	—	—	278	—	—	278	(126)	152
Dividends	—	—	—	—	—	—	—	—	(9,875)	(9,875)	—	(9,875)
Total contributions by and distributions to owners	—	16	—	—	—	—	278	—	(9,875)	(9,581)	(126)	(9,707)
At 31 October 2018	49,449	478,339	(103,830)	10,885	22,031	(1,269)	1,651	(286)	97,077	554,047	45,082	599,129

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Unaudited Interim Consolidated Statements of Cash Flows

		Six months ended	
		31 October	
	Note	2019	2018
		US\$'000	US\$'000
Cash flows from operating activities			
Profit (loss) for the period		(83,754)	7,035
Adjustments for:			
Depreciation of property, plant and equipment	20	75,490	61,857
Amortisation of intangible assets	7, 20	3,325	3,329
Impairment loss on property, plant and equipment		40,777	1,259
Gain (loss) on disposal of property, plant and equipment		1,436	(3,105)
Equity-settled share-based payment transactions		-	152
Share in net loss of joint ventures	8	1,215	309
Net loss (gain) on derivative settlement		633	(9,613)
Finance income*		(3,845)	(19,772)
Finance expense*		52,385	48,234
Tax expense – current		46,966	2,680
Tax expense – deferred		(22,260)	(6,629)
		112,368	85,736
Changes in:			
Other noncurrent assets		(9,349)	5,503
Inventories		(270,653)	(143,583)
Biological assets		(318)	(11,758)
Trade and other receivables		(54,615)	(73,920)
Prepaid and other current assets		(3,076)	2,477
Trade and other payables		123,422	(48,948)
Employee benefits		2,042	7,403
Operating cash flows		(100,179)	(177,090)
Taxes paid		(36,449)	(1,768)
Net cash flows used in operating activities		(136,628)	(178,858)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(55,379)	(47,606)
Proceeds from disposal of property, plant and equipment		540	9,245
Interest received		311	245
Net cash flows used in investing activities		(54,528)	(38,116)

(Continued on next page)

* Includes foreign exchange gains and losses

Unaudited Interim Consolidated Statements of Cash Flows (Continued)

	Note	Six months ended 31 October 2019 US\$'000	2018 US\$'000
Cash flows from financing activities			
Proceeds from borrowings		506,980	567,799
Repayment of borrowings		(222,166)	(299,964)
Interest paid		(47,998)	(41,688)
Payments of lease liability		(14,373)	-
Dividends paid		(19,987)	(9,875)
Transactions costs related to issuance of preference shares		-	16
Net cash flows provided by financing activities		202,456	216,288
Net increase (decrease) in cash and cash equivalents		11,300	(686)
Cash and cash equivalents at beginning of period		21,636	24,246
Effect of exchange rate changes on balances held in foreign currency		2,285	10,303
Cash and cash equivalents at end of period	14	35,221	33,863

Selected Notes to the Unaudited Interim Condensed Consolidated Financial Statements

1. Domicile and activities

Del Monte Pacific Limited (the “Company”) was incorporated as an international business company in the British Virgin Islands on 27 May 1999 under the International Business Companies Act (Cap. 291) of the British Virgin Islands. It was automatically re-registered as a company on 1 January 2007 when the International Business Companies Act was repealed and replaced by the Business Companies Act 2004 of the British Virgin Islands.

The registered office of the Company is located at Craigmuir Chambers, Road Town, Tortola, British Virgin Islands.

The principal activity of the Company is that of investment holding. Its subsidiaries are principally engaged in growing, processing, and selling packaged fruits, vegetable and tomato, fresh pineapples, sauces, condiments, pasta, broth and juices, mainly under the brand names of “Del Monte”, “S&W”, “Today’s”, “Contadina”, “College Inn” and other brands. The Company’s subsidiaries also produce and distribute private label food products.

The immediate holding company is NutriAsia Pacific Limited (“NAPL”) whose indirect shareholders are NutriAsia Inc. (“NAI”) and Well Grounded Limited (“WGL”), which at 31 October 2019 and 30 April 2019, held 57.8% and 42.2% interests in NAPL, respectively, through their intermediary company, NutriAsia Holdings Limited. NAPL, NAI and WGL were incorporated in the British Virgin Islands.

On 2 August 1999, the Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Ordinary Shares of the Company were also listed on the Philippine Stock Exchange Inc. (“PSE”) on 10 June 2013. The first tranche of the Company’s Preference Shares was listed on 7 April 2017 and the second tranche on 15 December 2017.

On 6 August 2010, the Company established DM Pacific Limited-ROHQ (“ROHQ”), the regional operating headquarters of the Company in the Philippines. The ROHQ is registered with and licensed by the Securities and Exchange Commission (“SEC”) to engage in general administration and planning, business planning and coordination, sourcing and procurement of raw materials and components, corporate financial advisory, marketing control and sales promotion, training and personnel management, logistics services, research and product development, technical support and maintenance, data processing and communication, and business development. The ROHQ commenced its operations in October 2015.

The financial statements of the Group as at and for the year ended 31 October 2019 comprise the Company and its subsidiaries (together referred to as the “Group”, and individually as “Group entities”), and the Group’s interests in joint ventures.

2. Basis of preparation

2.1 Statement of compliance

The accompanying unaudited interim condensed consolidated financial statements as at 31 October 2019 and for the six months ended 31 October 2019 and 2018 have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the 2019 annual audited consolidated financial statements, comprising the consolidated statements of financial position as at 30 April 2019 and 2018 and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 30 April 2019, 2018, and 2017.

2.2 Basis of measurement

The accompanying financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in United States (US\$) dollars, which is the Company’s functional currency. All financial information presented in US dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Significant accounting policies

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's 2019 annual consolidated financial statements, except for the adoption of the following amendments effective beginning 1 May 2019, which did not have any significant impact on the Group's financial position or performance, unless otherwise indicated:

- IFRS 16, *Leases*

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of “low-value” assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as at 1 May 2019. Accordingly, the comparative information presented for fiscal year 2019 has not been restated. In relation to those leases under IFRS 16, the Group recognised depreciation and interest costs, instead of operating lease expense.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risk and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases, except for some short-term and low-value assets.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 May 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application (the Group applied this approach for leases under a subsidiary, Del Monte Philippines, Inc. "DMPI"); or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments (the Group applied this approach for leases under a subsidiary, Del Monte Foods, Inc. "DMFI").

For leases classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 May 2019 were determined at the carrying amount of lease asset and lease liability under IAS 17 immediately before that date. The Group has no finance leases under IAS 17.

Right-of-use assets and lease liabilities are presented separately in the consolidated statement of financial position.

The impact of adoption of IFRS 16 on consolidated statement of financial position as at 1 May 2019 is as follows:

	As at 1 May 2019 US\$'000
Assets	
Prepaid expenses and other current assets	(1,661)
Right-of-use assets-net	235,909
Deferred tax assets	2,473
Other noncurrent assets	(23,896)
	<u>212,825</u>
Liabilities and Equity	
Lease liability - current portion	29,165
Lease liability - noncurrent portion	191,979
Other noncurrent liabilities	(7,606)
	<u>213,538</u>
Retained earnings	(713)
	<u>212,825</u>

- IFRIC 23, *Uncertainty over Income Tax Treatments*

IFRIC-23 clarifies how to apply the recognition and measurement requirements in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments.

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The interpretation is effective for annual periods beginning on or after 1 May 2019. Earlier application is permitted. The Group is currently assessing the impact of this new standard.

- Amendments to IFRS 9, *Prepayment Features with Negative Compensation*

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are “solely payments of principal and interest on the principal amount outstanding” (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract. These amendments have no impact on the consolidated financial statements of the Group.

- Amendments to IAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests. The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28. The amendments are effective for annual periods beginning on or after 1 May 2019. Earlier application is permitted. These amendments are not applicable to the Group since interests in joint ventures is accounted for using equity method.

- Amendments to IAS 19, *Plan amendment, curtailment or settlement*

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan

amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 May 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

- Annual Improvements to IFRSs 2015-2017 Cycle

This cycle of improvements contains amendments to the following standards relevant to the Group:

- Amendments to IFRS 3, and IFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation, might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 May 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 May 2019, with early application permitted.

- Amendments to IAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 May 2019, with early application is permitted.

- Amendments to IAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 May 2019, with early application permitted.

4. Operating segments

The Group has two types of operating segments: geographical and product. In identifying these operating segments, management generally considers geographical as its primary operating segment.

Geographical segments

Americas

Reported under the Americas segment are sales and profit on sales in North and South America, and Canada. Majority of this segment's sales are principally sold under the Del Monte brand but also under the Contadina, S&W, College Inn and other brands. This segment also includes sales of private label food products. Sales across various channels include retail markets, as well as to the United States military, certain export markets, the food service industry and other food processors.

Asia Pacific

Reported under Asia Pacific are sales and profit on sales in the Philippines, comprising primarily of Del Monte branded packaged products, including Del Monte traded goods; Today's; S&W products in Asia both fresh and packaged; and Del Monte packaged products from the Philippines into Indian subcontinent as well as unbranded fresh and packaged goods..

Europe

Included in Europe segment are sales of unbranded products in Europe.

Product segments

Packaged fruit and vegetable

The packaged fruit and vegetable segment includes sales and profit of processed fruit and vegetable products under the Del Monte and S&W brands, as well as buyer's labels, that are packaged in different formats such as can, plastic cup, pouch and aseptic bag. Key products under this segment are canned beans, peaches and corn sold in the United States and canned pineapple and tropical mixed fruit in Asia Pacific.

Beverage

Beverage includes sales and profit of 100% pineapple juice in can, juice drinks in various flavours in can, tetra and PET packaging, and pineapple juice concentrate.

Culinary

Culinary includes sales and profit of packaged tomato-based products such as ketchup, tomato sauce, pasta sauce, recipe sauce, pizza sauce, pasta, broth and condiments under four brands namely Del Monte, S&W, College Inn and Contadina.

Fresh fruit and others

Fresh fruit and others include sales and profit of S&W branded fresh pineapples in Asia Pacific and buyer's label or non-branded fresh pineapples in Asia, and sales and profit of cattle in the Philippines. The cattle operation helps in the disposal of pineapple pulp, a residue of pineapple processing which is fed to the animals. This would also include non-branded sales to South America.

The Group allocated certain overhead and corporate costs to the various product segments based on sales for each segment relative to the entire Group.

Information about reportable segments

	Americas		Asia Pacific		Europe		Total	
	Six months ended 31 October		Six months ended 31 October		Six months ended 31 October		Six months ended 31 October	
	2019	2018	2019	2018	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue								
Packaged fruit and vegetable	525,677	600,792	58,041	54,523	9,491	10,524	593,209	665,839
Beverage	7,602	9,186	61,450	58,199	4,677	5,942	73,729	73,327
Culinary	105,777	112,033	67,042	61,717	–	–	172,819	173,750
Others	537	2,022	94,311	78,569	–	–	94,848	80,591
Total	639,593	724,033	280,844	253,008	14,168	16,466	934,605	993,507
Gross profit								
Packaged fruit and vegetable	115,840	96,654	15,862	15,358	53	2,262	131,755	114,274
Beverage	939	423	16,436	13,310	(632)	(2,581)	16,743	11,152
Culinary	20,737	22,108	25,138	23,601	–	–	45,875	45,709
Others	(751)	518	31,661	25,082	–	–	30,910	25,600
Total	136,765	119,703	89,097	77,351	(579)	(319)	225,283	196,735

	Americas		Asia Pacific		Europe		Total	
	Six months ended		Six months ended		Six months ended		Six months ended	
	31 October		31 October		31 October		31 October	
	2019	2018	2019	2018	2019		2018	2019
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		US\$'000	US\$'000
Share in net loss of joint ventures								
Packaged fruit and vegetable	–	–	(538)	(95)	–	–	(538)	(95)
Beverage	–	–	(69)	(22)	–	–	(69)	(22)
Culinary	–	–	(545)	(182)	–	–	(545)	(182)
Fresh fruit and others	–	–	(63)	(11)	–	–	(63)	(11)
Total	–	–	(1,215)	(310)	–	–	(1,215)	(310)
Profit (loss) before taxation								
Packaged fruit and vegetable	(15,540)	(27,169)	8,670	22,946	(710)	1,249	(7,580)	(2,974)
Beverage	(1,612)	(2,319)	6,348	598	(1,060)	(3,231)	3,676	(4,952)
Culinary	(3,549)	(659)	14,336	12,247	–	–	10,787	11,588
Others	(74,354)	(17)	8,423	(559)	–	–	(65,931)	(576)
Total	(95,055)	(30,164)	37,777	35,232	(1,770)	(1,982)	(59,048)	3,806
Other information								
Capital expenditure	5,165	10,568	50,214	37,038	–	–	55,379	47,606

Major customer

Revenues from a major customer of the Americas segment for the quarters ended 31 October 2019 and 2018 amounted to US\$219.7 million and US\$236.5 million, respectively representing 34.3% and 32.7% of the total Americas segment's net revenue, respectively.

5. Seasonality of operations

The Group's business is subject to seasonal fluctuations as a result of increased demand during the end of year festive season. For Americas, products are sold heavily during the Thanksgiving and Christmas seasons. As such, the Group's sales are usually highest during the three months from August to October.

The Group operates several production facilities in the U.S., Mexico, and Philippines. Fruit plants are located in California and Washington in the United States and Philippines, most of its vegetable plants are located in the U.S. Midwest while its tomato plant is located in California.

The US Consumer Food Business has a seasonal production cycle that generally runs between the months of June and October. This seasonal production primarily relates to the majority of processed fruit, vegetable and tomato products, while some of its processed fruit and tomato products and its *College Inn* broth products are produced throughout the year. Additionally, the Consumer Food Business has contracts to co-pack certain processed fruit and vegetable products for other companies.

6. Property, plant and equipment

During the quarter ended 31 October 2019, the Group acquired assets with a cost of US\$55.4 million (year ended 30 April 2019: US\$121.6 million), which includes noncash acquisition.

7. Intangible assets and goodwill

	Goodwill US\$'000	Indefinite life trademarks US\$'000	Amortisable trademarks US\$'000	Customer relationship US\$'000	Total US\$'000
Cost					
At 1 May 2019/ 31 October 2019	203,432	408,043	24,180	107,000	742,655
At 1 May 2018/ 30 April 2019	203,432	408,043	24,180	107,000	742,655
Accumulated amortisation					
At 1 May 2019	–	–	6,919	27,739	34,658
Amortisation	–	–	650	2,675	3,325
At 31 October 2019	–	–	7,569	30,414	37,983
At 1 May 2018	–	–	5,616	22,388	28,004
Amortisation	–	–	1,303	5,351	6,654
At 30 April 2019	–	–	6,919	27,739	34,658
Carrying amounts					
At 31 October 2019	203,432	408,043	16,611	76,586	704,672
At 30 April 2019	203,432	408,043	17,261	79,261	707,997

Goodwill

Goodwill arising from the acquisition of DMFI was allocated to DMFI and its subsidiaries, which is considered as one cash generating unit (“CGU”).

Indefinite life trademarks

Management has assessed the following trademarks as having indefinite useful lives as the Group has exclusive access to the use of these trademarks. These trademarks are expected to be used indefinitely by the Group as they relate to continuing businesses that have a proven track record with stable cash flows.

America trademarks

The indefinite life trademarks of US\$394 million arising from the acquisition of Consumer Food Business relate to those of DMFI for the use of the “Del Monte” trademark in the United States and South America market, and the “College Inn” trademark in the United States, Australia, Canada and Mexico.

The Philippines trademarks

A subsidiary, Dewey, owns the “Del Monte” and “Today’s” trademarks for use in connection with processed foods in the Philippines (“The Philippines trademarks”) with carrying value amounting to US\$1.8 million.

Indian sub-continent trademark

In November 1996, a subsidiary, Del Monte Pacific Resources Limited (DMPRL), entered into a sub-license agreement with an affiliated company to acquire the exclusive right to use the “Del Monte” trademark in the Indian sub-continent territories in connection with the production, manufacture, sale and distribution of food products and the right to grant sub-licenses to others (“Indian sub-continent trademark”). This led to the acquisition of a joint venture, FieldFresh Foods Private Limited (FFPL) in 2007 and the grant of trademarks to FFPL to market the Company’s product under the “Del Monte” brand name. The trademark has a carrying value of US\$4.1 million.

Asia S&W trademark

In November 2007, a subsidiary, S&W, entered into an agreement with Del Monte Corporation to acquire the exclusive right to use the “S&W” trademark in Asia (excluding Australia and New Zealand), the Middle East, Western Europe, Eastern Europe and Africa for a total consideration of US\$10.0 million. The trademark has a carrying value of US\$8.2 million.

Impairment test

Management performs an annual impairment testing for all indefinite life trademarks. There are no indicators that indefinite life trademarks are impaired as at the reporting date.

Amortisable trademarks and customer relationships

	Net Carrying amount		Remaining amortisation period (years)	
	31 October 2019 US\$'000	30 April 2019 US\$'000	31 October 2019	30 April 2019
America S&W trademark	862	963	4.3	4.8
America Contadina trademark	15,749	16,298	14.3	14.8
	<u>16,611</u>	<u>17,261</u>		

Asia S&W trademark

The amortisable trademark pertains to “Label Development” trademark.

America trademarks

The amortisable trademarks relate to the exclusive right to use of the “S&W” trademark in the United States, Canada, Mexico and certain countries in Central and South America and “Contadina” trademark in the United States, Canada, Mexico South Africa and certain countries in Asia Pacific, Central America, Europe, Middle East and South America market.

Customer relationships

Customer relationships relate to the network of customers where DMFI has established relationships with the customers, particularly in the United States market through contracts.

	31 October 2019	30 April 2019
	US\$'000	US\$'000
Net carrying amount	76,586	79,261
Remaining amortisation period	14.3	14.8

Management has included the amortisable trademarks and customer relationships in the CGU annual impairment assessment and has likewise concluded no impairment exists at the reporting date.

Source of estimation uncertainty

The Group estimates the useful lives of its amortisable trademarks and customer relationships based on the period over which the assets are expected to be available for use. The estimated useful lives of the trademarks and customer relationships are reviewed periodically and are updated if expectations differ from previous estimates due to legal or other limits on the use of the assets. A reduction in the estimated useful lives of amortisable trademarks and customer relationships would increase recorded amortisation expense and decrease noncurrent assets.

8. Investments in joint ventures

Name of joint venture	Principal activities	Place of Incorporation and Business	Effective Equity Held by the Group	
			As at 31 Oct 2019	As at 30 Apr 2019
			%	%
FieldFresh Foods Private Limited (FFPL)	Production and sale of fresh and processed fruits and vegetable food products	India	47.47	47.47
Nice Fruit Hong Kong Limited (NFHKL)	Production and sale of frozen fruits and vegetable food products	Hong Kong	35.00	35.00

The summarised financial information of a material joint venture, FFPL and NFHKL, not adjusted for the percentage ownership held by the Group, is as follows:

	31 October 2019 US\$'000	30 April 2019 US\$'000
Assets		
Current assets	12,822	13,475
Noncurrent assets	29,279	22,309
Total assets	<u>42,101</u>	<u>35,784</u>
Liabilities		
Current liabilities	(20,584)	(17,798)
Noncurrent liabilities	(19,452)	(13,910)
Total liabilities	<u>(40,036)</u>	<u>(31,708)</u>
Net assets	<u>2,065</u>	<u>4,076</u>
	31 October 2019 US\$'000	31 October 2018 US\$'000
Results		
Revenue	41,249	38,635
Profit/loss from continuing operations	(1,654)	320
Other comprehensive income	—	—
Total comprehensive income (loss)	<u>(1,654)</u>	<u>320</u>
	31 October 2019 US\$'000	30 April 2019 US\$'000
Carrying amount of interest in FFPL at beginning of the period/year	23,446	23,557
Capital injection during the period/year	—	—
Group's share of:		
- Profit (loss) from continuing operations	(827)	(111)
- other comprehensive income	—	—
total comprehensive income	<u>(827)</u>	<u>(111)</u>
Carrying amount of interest at end of the period/year	<u>22,619</u>	<u>23,446</u>
	31 October 2019 US\$'000	30 April 2019 US\$'000
Carrying amount of interest in NFHKL at beginning of the period/year	766	1,638
Group's share of:		
- loss from continuing operations	(388)	(872)
- other comprehensive income	—	—
total comprehensive income	<u>(388)</u>	<u>(872)</u>
Carrying amount of interest at end of the period/year	<u>378</u>	<u>766</u>

The summarised interest in joint ventures of the Group is as follows:

	31 October 2019 US\$'000	30 April 2019 US\$'000
Group's interest in joint ventures		
FFPL	22,619	23,446
NFHKL	378	766
Carrying amount of investment in joint ventures	22,997	24,212

Source of Estimation Uncertainty

When the joint venture has suffered recurring operating losses, a test is made to assess whether the investment in joint venture has suffered any impairment by determining the recoverable amount. This determination requires significant judgement and estimation. An estimate is made of the future profitability, cash flow, financial health and near-term business outlook of the joint venture, including factors such as market demand and performance. The recoverable amount will differ from these estimates as a result of differences between assumptions used and actual operations.

Since its acquisition, the Indian sub-continent trademark (Note 7) and the investment in FFPL were allocated to the Indian sub-continent cash-generating unit ("Indian sub-continent CGU"). The recoverable amount of Indian sub-continent CGU was estimated using the discounted cash flows based on five-year cash flow projections.

9. Other noncurrent assets

	31 October 2019 US\$'000	30 April 2019 US\$'000
Advances to growers and advance rentals and deposits	13,945	19,977
Land expansion (development costs of acquired leased areas)	6,151	8,230
Excess insurance	4,371	5,514
Note receivables	4,104	4,038
Down payments for capital expenditures	2,227	—
Prepayments	462	631
Others	979	706
	32,239	39,096

Advances to growers and advance rentals and deposits consists of short term, generally noninterest-bearing cash and other advances to growers and landowners which are collected against delivery of fruits or minimum guaranteed profits of the growers or against payment of rentals to landowners.

Excess insurance relate mainly to reimbursements from insurers to cover certain workers' compensation claims liabilities (see Note 16).

The note receivables include a receivable relating to the sale of certain assets of Sager Creek which is payable in three years until 2020. The note receivables are payable in four installments bearing interest of 3.50% per annum for the first installment and 5.22% from the second installment up to the final installment. Total note receivables due in 2020 amounted to US\$7.7 million, the current portion of US\$5.4 million as at 31 October 2019 and 30 April 2019 is presented under “Trade and other receivables”.

Land expansion comprises development costs of newly acquired leased areas including costs such as creation of access roads, construction of bridges and clearing costs. These costs are amortised on a straight-line basis over the lease periods of 10 years or lease term, whichever is shorter.

Down payment to suppliers for capital expenditures amounting to US\$2.2 million includes advances for capital construction which is now expected to be completed over one year from reporting date. Previously the amount was US\$2.5 million and presented as part of “Prepaid expenses and other current assets” since management assessed that the construction will be completed within one year.

10. Biological assets

	31 October 2019 US\$'000	30 April 2019 US\$'000
Livestock		
At beginning of the period/year	1,674	1,629
Purchases of livestock	582	990
Sales of livestock	(376)	(927)
Currency realignment	21	(10)
At end of the period/year	<u>1,901</u>	<u>1,682</u>
	31 October 2019 US\$'000	30 April 2019 US\$'000
Agricultural produce		
At beginning of the period/year	26,421	23,473
Additions	6,094	11,755
Harvested	(5,025)	(8,674)
Currency realignment	547	(133)
At end of the period/year	<u>28,037</u>	<u>26,421</u>
Fair value gain on produce prior to harvest	28,368	25,899
At end of the period/year	<u>56,405</u>	<u>52,320</u>
	31 October 2019 US\$'000	30 April 2019 US\$'000
Current	56,405	52,320
Noncurrent	1,901	1,682
Totals	<u>58,306</u>	<u>54,002</u>

11. Inventories

	31 October 2019 US\$'000	30 April 2019 US\$'000
Finished goods		
- at cost	774,343	470,698
- at net realisable value	25,817	30,092
Semi-finished goods		
- at cost	670	981
- at net realisable value	13,013	15,623
Raw materials and packaging supplies		
- at net realisable value	112,377	147,528
	926,220	664,922

Inventories are stated after allowance for inventory obsolescence. Movements in the allowance for inventory obsolescence during the period/year are as follows:

	Note	31 October 2019 US\$'000	30 April 2019 US\$'000
At beginning of the period/year		10,527	26,616
Allowance for the period/year	20	4,454	19,245
Release of NRV		—	(13,080)
Write-off against allowance		(2,750)	(22,775)
Currency realignment		419	521
At end of the period/year		12,650	10,527

The allowance for inventory obsolescence recognised during the period is included in “Cost of sales”.

In connection with the sale of Sager Creek, the Group has directly written down related inventories to their net realisable values resulting in a loss of US\$13.1 million, including the write-down of inventory subsequently purchased by McCall Farms, in fiscal year 2018. In April 2019, these reserves were reversed since the related inventories had been sold.

Source of Estimation Uncertainty

The Group recognises allowance on inventory obsolescence when inventory items are identified as obsolete. Obsolescence is based on the physical and internal condition of inventory items. Obsolescence is also established when inventory items are no longer marketable. Obsolete goods when identified are charged to income statement and are written off. In addition to an allowance for specifically identified obsolete inventory, estimation is made on a group basis based on the age of the inventory items. The Group believes such estimates represent a fair charge of the level of inventory obsolescence in a given year. The Group reviews on a monthly basis the condition of its inventory. The assessment of the condition of the inventory either increases or decreases the expenses or total inventory.

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories expected to be realised. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at the reporting date.

The Group reviews on a continuous basis the product movement, changes in customer demands and introductions of new products to identify inventories which are to be written down to the net realisable values. The write-down of inventories is reviewed periodically to reflect the accurate valuation in the financial records. An increase in write-down of inventories would increase the recorded cost of sales and operating expenses and decrease current assets.

12. Trade and other receivables

	31 October 2019 US\$'000	30 April 2019 US\$'000
Trade receivables	196,482	132,934
Non trade receivables	31,714	25,893
Allowance for doubtful accounts – trade	(5,031)	(5,158)
Allowance for doubtful accounts – nontrade	(4,601)	(4,615)
Trade and other receivables	218,564	149,054

The ageing of trade and non-trade receivables at the reporting date is:

	Gross		Impairment losses	
	Trade	Non trade	Trade	Non trade
At 31 October 2019	US\$'000	US\$'000	US\$'000	US\$'000
Not past due	142,625	12,297	–	–
Past due 0 - 60 days	34,401	11,210	–	–
Past due 61 - 90 days	578	525	–	–
Past due 91 - 120 days	(2,756)	854	–	–
More than 120 days	21,634	6,828	(5,031)	(4,601)
	196,482	31,714	(5,031)	(4,601)

	Gross		Impairment losses	
	Trade	Non trade	Trade	Non trade
At 30 April 2019	US\$'000	US\$'000	US\$'000	US\$'000
Not past due	80,706	16,831	–	–
Past due 0 - 60 days	26,033	867	–	–
Past due 61 - 90 days	1,232	523	–	–
Past due 91 - 120 days	5,935	482	–	–
More than 120 days	19,028	7,190	(5,158)	(4,615)
	132,934	25,893	(5,158)	(4,615)

The recorded impairment loss falls within the Group's historical experience in the collection of accounts receivables. Therefore, management believes that there is no significant additional credit risk beyond what has been recorded.

In fiscal year 2018, allowance for doubtful accounts are based on specific and collective impairment assessment by the Group. In fiscal year 2019, new impairment loss model applies to the Group which is based on a provision matrix that tracks loss rates over a prior of three years and adjusted for forward-looking information.

Source of estimation uncertainty

The Group maintains an allowance for impairment of accounts receivables at a level considered adequate to provide for potential uncollectible receivables based on the applicable expected credit loss (ECL) methodology. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with debtors, their payment behaviour and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis. Additionally, allowance is also determined, through a provision matrix based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment. The amount and timing of recorded expenses for any period would differ if the Group made different judgements or utilised different estimates. An increase in the Group's allowance for impairment would increase the Group's recorded operating expenses and decrease the current assets.

13. Prepaid expenses and other current assets

	31 October 2019 US\$'000	30 April 2019 US\$'000
Prepaid expenses	32,440	30,046
Downpayment to contractors and suppliers	6,844	4,921
Derivative asset	245	64
Others	4,379	1,685
	43,908	36,716

Prepaid expenses consist of advance payments for insurance, advertising, rent and taxes, among others.

14. Cash and cash equivalents

	31 October 2019 US\$'000	30 April 2019 US\$'000
Cash on hand	71	41
Cash in banks	28,239	17,231
Cash equivalents	6,911	4,364
Cash and cash equivalents	35,221	21,636

Certain cash in bank accounts earn interest at floating rates based on daily bank deposit rates ranging from 0.01% to 0.50% for the quarter (30 April 2019: 0.01% to 0.50% per annum). Cash equivalents are short-term placements which are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest rate of 1.70% to 4.44% (30 April 2019: 0.18% to 6.50%) per annum.

15. Loans and borrowings

	31 October 2019 US\$'000	30 April 2019 US\$'000
Current liabilities		
Unsecured bank loans	500,876	138,870
Secured bank loans	473,192	353,870
	974,068	492,740
Non-current liabilities		
Unsecured bank loans	112,241	111,241
Secured bank loans	687,520	874,674
	799,761	985,915
	1,773,829	1,478,655

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

Group	Currency	Nominal interest rate % p. a.	Year of maturity	31 October 2019		30 April 2019	
				Face value US\$'000	Carrying amount US\$'000	Face value US\$'000	Carrying amount US\$'000
Secured bank loans	PHP	4.50%	2020	59,091	59,091	57,584	57,584
Unsecured bank loans	PHP	4.50%	2019	63,031	63,031	–	–
Unsecured bank loans	USD	2.88%-4.50%	2019-2021	495,086	495,086	465,111	465,111
Secured bridging loan	USD	4.50%	2020	500	500	53,500	53,500
Secured bridging loan	USD	4.50%	2020	74,500	74,415	76,500	76,274
Unsecured bridging loan	USD	3.01%	2024	55,000	55,000	–	–
Secured bank loan under ABL Credit Agreement	USD	Tranche B – 5.09% - 7.25%	2019/2020	336,972	335,053	136,672	133,851
Secured First lien term loan	USD	Higher of Libor or 1% + 3.25% or total of 5.39%	2021	670,950	666,952	674,500	668,697
Secured Second lien term Loan	USD	Higher of Libor or 1% + 7.25% or total of 9.47%	2021	28,555	24,701	28,555	23,638
				1,783,685	1,773,829	1,492,422	1,478,655

The secured bridging loans of US\$0.5 million as at 31 October 2019 (31 April 2019: US\$53.5 million) is the remaining balance for the bridging loan that was obtained by the Company to finance the acquisition of Sager Creek and its related costs. In 2017, the Company signed a two-year extension of the US\$350.0 million BDO loans from 10 February 2017 to 2019. In April 2017, the Company settled US\$196.0 million of the US\$350.0 million BDO loan using the proceeds from the issuance of Series A-1 preference shares. In December 2017, the Company settled an additional US\$100.0 million using the proceeds from the issuance of Series A-2 Preference Shares (see Note 17). In 2019, the Company settled an additional US\$53.5 million and extended the maturity date from February 2019 to August 2020. The loans are secured by the following: 1) Share Charge by DMPL on its share in DMPL Foods Limited; 2) Pledge by DMPL of its shares in CARI; and 3) Pledge by CARI of its shares in DMPL.

In 2015, the Company obtained loans from BDO amounting to US\$130 million to refinance its existing bridge loans with the same bank and other bridge loans with other lenders and for general corporate requirements. The loans are secured by DMPI suretyship. In 2019, the Company settled US\$53.5 million and US\$2.0 million in fiscal year 2019 and 2020, respectively, bringing the balance to US\$74.5 million.

In fiscal year 2020, the Company obtained a new loan from DBP amounting to US\$55 million to refinance the existing bridge loans.

Unsecured Bank Loans

Certain unsecured bank loan agreements contain various affirmative and negative covenants that are typical of these types of facilities such as financial covenants relating to required debt-to-equity ratio, interest cover, debt service coverage ratio, and maximum annual capital expenditure restrictions. These covenants include requirements for delivery of periodic financial information and restrictions and limitations on indebtedness, investments, acquisitions, guarantees, liens, asset sales, disposals, mergers, and changes in business, dividends and other transfers.

The Group is compliant with its loan covenants as at 31 October 2019 and 30 April 2019.

Long Term Borrowings

Long-term Borrowings	Original Principal (In '000)	Outstanding Balance (In '000)	Interest Rate % p.a.	Year of Maturity	Payment Terms (e.g., annually, quarterly, etc.)	Interest paid 1 May 2019 to 31 October 2019 (In '000)
Senior secured variable rate first lien term loan	USD 710,000	USD 670,950	Higher of Libor or 1% + 3.25% or total of 5.90%	2021	0.25% quarterly principal payments from 30 April 2014 to 31 January 2021; Balance due in full at its maturity, 18 February 2021.	USD 20,088
Senior secured second lien variable rate term loan	USD 260,000	USD 28,555	Higher of Libor or 1% + 7.25% or total of 10.15%	2021	Due in full at its maturity, 18 August 2021.	USD 1,462
DBP Long-term Loan	USD 55,000	USD 55,000	3.50%	2024	Quarterly interest payment and principal on maturity date.	nil
DBP Long-term Loan	USD 57,241	USD 57,241	3.49%	2021	Quarterly interest payment and principal on maturity date	USD 1,121

The balance of unamortised debt issuance cost follows:

	Six months ended 31 October 2019 US\$'000	Year ended 30 April 2019 US\$'000
Beginning of period/year	13,767	20,732
Additions	–	868
Amortisation	(3,911)	(7,833)
End of period/year	<u>9,856</u>	<u>13,767</u>

16. Other noncurrent liabilities

	31 October 2019 US\$'000	30 April 2019 US\$'000
Workers' compensation	18,100	19,304
Derivative liabilities	700	1,759
Accrued vendors liabilities	302	802
Accrued lease liabilities	165	7,610
Other payables	629	540
	<u>19,896</u>	<u>30,015</u>

17. Trade and other current liabilities

	31 October 2019 US\$'000	30 April 2019 US\$'000
Trade payables	182,810	113,202
Accrued operating expenses:		
Advertising	19,616	11,108
Freight and warehousing	18,955	7,121
Accrued interest	8,852	10,481
Taxes and insurance	8,188	6,246
Professional fees	6,928	6,292
Trade promotions	6,689	9,476
Salaries, bonuses and other employee benefits	5,147	2,579
Tinplate and consigned stocks	1,756	3,340
Miscellaneous	13,163	4,709
Overdrafts	16,305	3,478
Derivative liabilities	4,860	2,201
Accrued payroll expenses	3,405	3,617
Withheld from employees (taxes and social security cost)	2,326	2,259
VAT payables	1,122	1,104
Deferred revenue	849	530
Advances from customers	415	304
Other payables	2,336	622
	<u>303,722</u>	<u>188,669</u>

18. Accounting classification and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Financial assets at amortised cost US\$'000	Derivatives US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Fair value US\$'000
31 October 2019						
Cash and cash equivalents	14	35,221	—	—	35,221	35,221
Trade and other receivables	12	218,564	—	—	218,564	218,564
Notes receivables	9	4,104	—	—	4,104	4,104
Refundable deposit		7,881	—	—	7,881	7,881
Derivative assets	13	—	245	—	245	245
		<u>265,770</u>	<u>245</u>	<u>—</u>	<u>266,015</u>	<u>266,015</u>
Loans and borrowings	15	—	—	1,773,829	1,773,829	1,677,545
Trade and other current liabilities*	17	—	—	294,150	294,150	294,150
Derivative liabilities	16, 17	—	5,560	—	5,560	5,560
		<u>—</u>	<u>5,560</u>	<u>2,067,979</u>	<u>2,067,979</u>	<u>1,977,255</u>

* excludes derivative liabilities, advances from customers, deferred revenue, withheld from employees (taxes and social security cost) and VAT payables

	Note	Financial assets at amortised cost US\$'000	Derivatives US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Fair value US\$'000
30 April 2019						
Cash and cash equivalents	14	21,636	—	—	21,636	21,636
Trade and other receivables	12	149,054	—	—	149,054	149,054
Notes receivables	9	4,038	—	—	4,038	4,038
Refundable deposits		1,861	—	—	1,861	1,861
Derivative asset	13	—	64	—	64	64
		<u>176,589</u>	<u>64</u>	<u>—</u>	<u>176,653</u>	<u>176,653</u>
Loans and borrowings	15	—	—	1,478,655	1,478,655	1,324,846
Trade and other current liabilities*	17	—	—	182,271	182,271	182,271
Derivative liabilities	16, 17	—	3,960	—	3,960	3,960
		<u>—</u>	<u>3,960</u>	<u>1,660,926</u>	<u>1,664,886</u>	<u>1,511,077</u>

* excludes derivative liabilities, advances from customers, deferred revenue, withheld from employees (taxes and social security cost) and VAT payables

19. Determination of fair values

Fair value hierarchy

The table below analyses recurring non-financial assets carried at fair value. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For purposes of the fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

		31 October 2019			
	Note	Level 1	Level 2	Level 3	Totals
Financial assets					
Derivative assets	13	–	245	–	245
Notes receivable	9	–	4,104	–	4,104
Non-financial assets					
Fair value of agricultural produce					
harvested under inventories		–	–	5,811	5,811
Fair value of growing produce	10	–	–	56,405	56,405
Freehold land		–	–	60,211	60,211
Noncurrent assets held for sale		–	–	4,543	4,543
Financial liabilities					
Derivative liabilities	16, 17	–	5,560	–	5,560
Loans and borrowings	15	–	1,677,545	–	1,677,545

		30 April 2019			
	Note	Level 1	Level 2	Level 3	Totals
Financial assets					
Derivative assets	13	–	64	–	64
Notes receivable	9	–	4,038	–	4,038
Non-financial assets					
Fair value of agricultural produce					
harvested under inventories		–	–	6,016	6,016
Fair value of growing produce	10	–	–	52,320	52,320
Freehold land		–	–	57,244	57,244
Noncurrent assets held for sale		–	–	4,465	4,465
Financial liabilities					
Derivative liabilities	16, 17	–	3,960	–	3,960
Loans and borrowings	15	–	1,324,846	–	1,324,846

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Determination of fair values of financial assets

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Financial instruments measured at fair value

Type	Valuation technique
Forward exchange contracts	Market comparison technique: The fair values are based on brokers' quotes. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Group and counterparty when appropriate.
Interest rate swaps	Market comparison technique: The fair values are calculated using a discounted cash flow analysis based on terms of the swap contracts and the observable interest rate curve. Fair values reflect the risk of the instrument and include adjustments to take into account the credit risk of the Group and counterparty when appropriate.
Commodities contracts	Market comparison technique: The commodities are traded over-the-counter and are valued based on the Chicago Board of Trade quoted prices for similar instruments in active markets or corroborated by observable market data available from the Energy Information Administration. The values of these contracts are based on the daily settlement prices published by the exchanges on which the contracts are traded.

Financial instruments not measured at fair value

Type	Valuation technique
Financial liabilities and note receivable	The fair value of the secured first lien term loans, second lien term loans, and note receivable are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date (Level 2).
Other financial assets and liabilities	The notional amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are, because of the short period to maturity, assumed to approximate their fair values.

Other non-financial assets

Assets	Valuation technique	Significant unobservable inputs
Freehold land	<p>The fair value of freehold land is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.</p> <p>The valuation method used is sales comparison approach. This is a comparative approach that consider the sales of similar or substitute properties and related market data and establish a value estimate by</p>	<p>The unobservable inputs used to determine market value are the net selling prices, sizes, property location and market values. Other factors considered to determine market value are the desirability, neighbourhood, utility, terrain, and the time element involved.</p> <p>The market value per square meter ranges from US\$62.9 to US\$69.6. The market value per acre ranges</p>

Assets	Valuation technique	Significant unobservable inputs
	involving comparison (Level 3).	from US\$2,300 to US\$80,582.
Livestock (cattle for slaughter and cut meat)	Sales Comparison Approach: the valuation model is based on selling price of livestock of similar age, weight, breed and genetic make-up (Level 3).	The unobservable inputs are age, average weight and breed.
Harvested crops – sold as fresh fruit	The fair values of harvested crops are based on the most reliable estimate of selling prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the fresh fruit reduced by costs to sell (Level 3).	The unobservable input is the estimated pineapple selling price per ton specific for fresh products.
Harvested crops – used in processed products	The fair values of harvested crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the processed product reduced by costs to sell (concentrates, pineapple beverages, sliced pineapples, etc.) and adjusted for margin associated to further processing (Level 3).	The unobservable input is the estimated pineapple selling price and gross margin per ton specific for processed products.
Unharvested crops – fruits growing on the bearer plants	The growing produce are measured at fair value from the time of maturity of the bearer plant until harvest. Management used future selling prices and gross margin of finished goods, adjusted to remove the margin associated to further processing, less future growing costs applied to the estimated volume of harvest as the basis of fair value.	The unobservable inputs are estimated pineapple selling price and gross margin per ton for fresh and processed products, estimated volume of harvest and future growing costs.
Noncurrent assets held for sale	Market comparison technique and cost technique: The valuation model considered quoted market prices for similar items when available, and depreciated replacement cost as appropriate.	The unobservable inputs used to determine the market value are net selling prices, sizes, and property location. The unobservable inputs used to determine replacement costs are purchase price of building, land, and furniture and fixtures reduced by related selling costs.

20. Profit for the period

The following items have been included in arriving at profit for the period:

	Note	Six months ended	
		31 October	
		2019	2018
		US\$'000	US\$'000
Provision for inventory obsolescence		4,454	11,161
Provision of allowance for doubtful receivables (trade)		71	61
Amortisation of intangible assets	7	3,325	3,329
Depreciation of property, plant and equipment		75,490	61,857

21. General and administrative expenses

This account consists of the following:

	Six months ended 31 October	
	2019	2018
	US\$'000	US\$'000
Personnel costs	29,389	32,318
Professional and contracted services	10,830	12,373
Computer cost	8,904	8,710
Facilities expense	8,457	8,338
Postage and telephone	1,545	1,962
Employee-related expenses	1,521	1,056
Travelling and business meals	1,321	1,547
Machinery and equipment maintenance	750	402
Materials and supplies	356	273
Utilities	334	348
R&D projects	236	195
Auto operating and maintenance costs	166	303
Rental	–	1,085
Miscellaneous overhead	143	2,164
	63,952	71,074

Miscellaneous overhead consists of donation, corporate initiatives, and other expenses. Personnel cost last year is net of the DMFI retirement plan change impact.

22. Share capital

		31 October 2019		30 April 2019	
		No. of shares (‘000)	US\$'000	No. of shares (‘000)	US\$'000
Authorised:					
Ordinary shares of	US\$0.01 each	3,000,000	30,000	3,000,000	30,000
Preference shares of	US\$1.00 each	600,000	600,000	600,000	600,000
		3,600,000	630,000	3,600,000	630,000
Issued and fully paid:					
Ordinary shares of	US\$0.01 each	1,944,936	19,449	1,944,936	19,449
Preference shares of	US\$1.00 each	30,000	30,000	30,000	30,000
		1,974,936	49,449	1,974,936	49,449

The holders of ordinary shares are entitled to receive dividends after dividend of preference shares are paid, as declared from time to time, and are entitled to one vote per share at meetings of the Company. The preference shares are cumulative, non-voting, redeemable at the option of the issuer, non-participating and non-convertible. The preference share has a par value of US\$1.0 per share and were issued at US\$10.0 per share. Ordinary shares rank equally with regard to the Company's residual assets after preference shares are paid.

In April 2014, the Company increased its authorised share capital from US\$20.0 million, divided into 2,000,000,000 ordinary shares at US\$0.01 per share, to US\$630.0 million, divided into 3,000,000,000 ordinary shares at US\$0.01 per share and 600,000,000 preference shares at US\$1.00 per share. The preference shares may be issued in one or more series, each such class of shares will have rights and restrictions as the Board of Directors (BOD) may designate. The terms and conditions of the authorised preference share are finalised upon each issuance.

On 30 October 2014, the Company had additional ordinary shares listed and traded on the SGX-ST and the PSE pursuant to a public offering conducted in the Philippines. The Company offered and sold by way of primary offer 5,500,000 ordinary shares at an offer price of 17.00 Philippine pesos (Php) per share.

In March 2015, additional 641,935,335 ordinary shares were listed on the SGX-ST and the PSE, which were offered and sold to eligible shareholders by way of a stock rights offering at an exercise price of S\$0.325 or Php10.60 for each share in Singapore and the Philippines, respectively.

In April 2017, the Company completed the offering and listing of 20,000,000 Series A-1 Preference Shares which were sold at an offer price of US\$10.0 per share (US\$1.0 par value per share) in the Philippines, generating US\$200 million in proceeds. The said shares were listed on the PSE.

In 20 September 2017, the Company transferred 745,918 of its treasury shares to ordinary shares in connection to the release of share awards granted to its Directors pursuant to the Del Monte Pacific RSP.

In December 2017, the Company completed the offering and listing of 10,000,000 Series A-2 Preference Shares in the Philippines generating approximately US\$100 million in proceeds (or a combined US\$300 million if including the US\$200 million that was raised in April 2017). The Company used the net proceeds to substantially refinance the US\$350 million bridging loan due in February 2019.

On 20 June 2019, the Company declared dividends of US\$0.0052 per share for ordinary shareholders on record as at 12 July 2019. The final dividend was paid on 19 July 2019.

In October 2019, the Company paid dividends to the holders of the Series A-1 Preference Shares at the fixed rate of 6.625% per annum, or equivalent to US\$0.33125 per Series A-1 Preference and Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US\$0.20403 per series A-2 Preference Shares for the six-month period from April 2019 to October 2019. The cash dividends were paid on 8 October 2019.

No dividends were declared for this quarter and the prior year quarter.

Capital management

The BOD's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company's capital comprises its share capital and reserves. The BOD monitors the return on capital, which the Company defines as profit or loss for the year divided by total shareholders' equity. The BOD also monitors the level of dividends paid to ordinary shareholders.

The bank loans of the Company contain various capital covenants with respect to capital maintenance and ability to incur additional indebtedness. The BOD ensures that loan covenants are considered as part of its capital management through constant monitoring of covenant results through interim and full year results.

There were no changes in the Company's approach to capital management during the period.

23. Earnings (loss) per share

Basic and diluted earnings per share are calculated by dividing the net profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 31 October	
	2019	2018
Basic profit/loss per share is based on:		
Profit (loss) attributable to owners of the Company (US\$'000)	(75,615)	11,447
Cumulative preference share dividends (US\$'000)	(9,875)	(9,875)
	(85,490)	1,572
Basic weighted average number of ordinary shares ('000):		
Outstanding ordinary shares at 1 May	1,943,960	1,943,960
Effect of shares option held	–	–
Weighted average number of ordinary shares at end of period (basic)	1,943,960	1,943,960
Basic loss per share (in U.S. cents)	(4.40)	0.08

For the purpose of calculation of the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from Del Monte Pacific RSP, with the potential ordinary shares weighted for the period outstanding.

	Six months ended 31 October	
	2019	2018
Diluted profit per share is based on:		
Profit (loss) attributable to owners of the Company (US\$'000)	(75,615)	11,447
Cumulative preference share dividends (US\$'000)	(9,875)	(9,875)
	(85,490)	1,572
Diluted weighted average number of shares ('000):		
Weighted average number of ordinary shares (basic)	1,943,960	1,943,960
Effect of share options on issue	–	–
Weighted average number of ordinary issued and potential shares assuming full conversion	1,943,960	1,943,960
Diluted loss per share (in U.S. cents)	(4.40)	0.08

The potential ordinary shares issuable under the Executive Stock Options Plan (ESOP) were excluded from the diluted weighted average number of ordinary shares calculation because they have an anti-dilutive effect.

24. Commitments and contingencies

Operating lease commitments

The Group leases certain property, equipment and office and warehouse facilities. At the reporting date, the Group have commitments for future minimum lease payments under non-cancellable operating leases at approximately US\$146.4 million.

The leases typically run for an initial period of 2 to 25 years, with an option to renew the lease after that date. Some of the leases contain escalation clauses but do not provide for contingent rents. Lease terms do not contain any restrictions on Group activities concerning dividends, additional debts or further leasing.

Purchase commitments

The Group has entered into non-cancellable agreements with growers, co-packers, packaging suppliers and other service providers with commitments generally ranging from one year to ten years, to purchase certain quantities of raw products, including fruit, vegetables, tomatoes and packaging services. At the reporting date, the Group have commitments for future minimum payments under non-cancellable agreements at approximately US\$777.0 million.

25. Related parties

Related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than disclosed elsewhere in the financial statements, transactions with related parties are as follows:

as follows:

Category/ Transaction	Period	Amount of the transaction US\$'000	Outstanding balance – receivables/ (payables) US\$'000	Terms	Conditions
Under Common Control					
▪ Shared IT & JYCC Fit-out services	October 2019 April 2019	85 161	140 242	Due and demandable; non-interest bearing	Unsecured; no impairment
▪ Sale of tomato paste	October 2019 April 2019	4 31	– –	Due and demandable; non-interest bearing	Unsecured; no impairment
▪ Purchases	October 2019 April 2019	50 115	11 –	Due and demandable; non-interest bearing	Unsecured; no impairment
▪ Tollpack fees	October 2019 April 2019	136 556	– 90	Due and demandable; non-interest bearing	Unsecured no impairment
▪ Security Deposit	October 2019 April 2019	– –	6,165 –	Due and demandable; non-interest bearing	Unsecured no impairment
Other Related Party					
▪ Management fees from DMPI Retirement fund	October 2019 April 2019	4 96	237 230	Due and demandable; non-interest bearing	Unsecured;
▪ Rental to DMPI Retirement	October 2019 April 2019	815 1,827	(158) –	Due and demandable; non-interest bearing	Unsecured
▪ Rental to NAI Retirement	October 2019 April 2019	296 536	(53) –	Due and demandable; non-interest bearing	Unsecured
▪ Cash Advances NAI	October 2019 April 2019	– 6,000	– 6,000	Short-term; non-interest bearing	Unsecured no impairment

The transactions with related parties are carried out based on terms agreed between the parties. Pricing for the sales of products are market driven, less certain allowances. For purchases, the Group policy is to solicit competitive quotations. Bids from any related party are evaluated on arm's length commercial terms and subject to bidding against third party suppliers. Purchases are normally awarded based on the lowest price.

26. Other Matters

- a. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity.
- b. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favourable or unfavourable impact on net sales or revenues or income from continuing operations.
- c. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets since the last annual statements of financial position date.
- d. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.
- e. The effects of seasonality or cyclicity on the interim operations of the Group's businesses are explained in Note 5, Seasonality of operations.
- f. The Group's material commitments for capital expenditure projects have been approved but are still ongoing and not yet completed as of end of 31 October 2019. These consist of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business. The said projects will be carried forward to the next quarter until its completion. The fund to be used for these projects will come from available cash, short and long-term loans.
- g. The Group is the subject of, or a party to, various suits and pending or threatened litigations. While it is not feasible to predict or determine the ultimate outcome of these matters, the Group believes that none of these legal proceedings will have a material adverse effect on its financial position.
- h. The retained earnings is restricted for the payment of dividends to the extent representing the accumulated equity in net earnings of the subsidiaries and unrealised asset revaluation reserve. The accumulated equity in net earnings of the subsidiaries is not available for dividend distribution until such time that the Company receives the dividends from the subsidiaries.
- i. On 14 March 2018, the Company, a trust owned by Del Monte Foods Holdings II, Inc. (DMFHII) and certain seller lenders entered into a Purchase Agreement wherein the Company, or its designated affiliate, agreed to purchase certain Second Lien term loans from the seller lenders at an amount equal to 70% of the principal amount of the loans to be sold, plus accrued and unpaid interest thereon. On 27 March 2018, DMFI, DMFHI and the lenders signed the second amendment to the Second Lien term loan allowing the Company, or its eligible assignee, to purchase any and all loans outstanding under the amended agreement which were duly submitted by the lenders for purchase at a price equal to 70% of the principal amount.
- j. In March 2018, DMFHII, the affiliate assignee, through a trust, purchased DMFI's Second Lien term loans with principal amount of US\$125.9 million from seller lenders for US\$88.2 million. On 5 June 2018, 24 July 2018 and 15 April 2019, an additional US\$4.0 million, US\$95.1 million and US\$6.5 million, respectively, of the Second Lien

Term Loans were purchased. The pre-tax net gain from the purchase of the loans in 2019 amounting to US\$16.9 million (2018: US\$33.6 million), net of transaction costs amounting to US\$2.0 million (2018: US\$3.2 million), was recognised in the Group's consolidated financial statements and is presented under "Finance income" in the consolidated income statement. The non-controlling interests of DMPLFL agreed to waive its share in any economic benefits arising from the Group's purchase of the Second Lien term loans. DMFHII agreed to make an equity contribution to DMFI in the amount equivalent to the interest received from DMFI.

- k. To finance the purchase of the Second Lien term loans, the Company extended a loan to DMFHII amounting to US\$88.2 million in fiscal year 2018 with an additional US\$87.8 million extended in fiscal year 2019. As of 30 April 2019, such loans are subject to interest of 13.90%, subject to quarterly repricing, and will mature on 18 August 2021. The interest income earned by the Company on this loan amounted to US\$20.2 million in 2019 (2018: US\$1.0 million).

Annex A

Key Performance Indicators

The following sets forth the explanation why certain performance ratios (i.e. current ratio, debt to equity ratio, net profit margin, return on asset, and return on equity) do not fall within the benchmarks indicated by SEC.

A. Current Ratio

	31-Oct-19	31-Oct-18	30-Apr-19	Benchmark
Current Ratio	0.9541	1.1711	1.3072	Minimum of 1.20

Current ratio decreased versus last year due to higher current financial liabilities and trade and other current liabilities

B. Debt to Equity

	31-Oct-19	31-Oct-18	30-Apr-19	Benchmark
Debt to Equity	5.1162	3.5446	2.9902	Maximum of 2.50

Debt ratio increased versus last year due to higher financial liabilities from additional borrowings and recognition of lease liabilities (adoption of IFRS 16)

C. Net Profit Margin

	31-Oct-19	31-Oct-18	30-Apr-19	Benchmark
Net Profit Margin attributable to owners of the company	-8.09%	1.15%	1.04%	Minimum of 3%

Lower profit due to final taxes paid on intercompany dividends and deferred final taxes recognised on undistributed profits of DMPI.

D. Return on Asset

	31-Oct-19	31-Oct-18	30-Apr-19	Benchmark
Return on Asset	-2.86%	0.25%	0.59%	Minimum of 1.21

Lower profit due to final taxes paid on intercompany dividends and deferred final taxes recognised on undistributed profits of DMPI.

E. Return on Equity

	31-Oct-19	31-Oct-18	30-Apr-19	Benchmark
Return on Equity	-17.49%	1.17%	2.37%	Minimum of 8%

Lower profit due to final taxes paid on intercompany dividends and deferred final taxes recognised on undistributed profits of DMPI.

Material Changes in Accounts

A. Cash and cash equivalent

Increase is due to net loan availment during the first half.

B. Inventories

Increase is due to build-up of inventories for the pack season in the US and other markets.

C. Prepaid expenses and other current assets

Increase is mainly from higher spending on prepaid promotions.

D. Right-of-use assets

Mainly due to change in accounting policy (IFRS 16).

E. Trade and other current liabilities

Increase is mainly due to increase in purchases of DMFI, relating to inventory build-up for peak season.

F. Lease liabilities

This is mainly due to change in accounting policy (IFRS 16).

Liquidity and Covenant Compliance

Certain unsecured bank loan agreements contain various covenants that are typical of these types of facilities such as financial covenants relating to required debt-to-equity ratio, interest cover, and maximum annual capital expenditure restrictions.

The following financial covenants apply to the Company and its subsidiaries, as Borrower, excluding DMFHL and its subsidiaries, including, but not limited to, DMFI.

- For the US\$54.0 million loan to BOC, the debt shall not exceed 3 times the equity and the interest cover shall not be lower than 2.0 (EBIT over interest).
- For the US\$57.2 million loan to DBP, the debt shall not exceed 3 times the equity.
- For the US\$55.0 million loan unsecured bridging loan, the debt shall not exceed 3 times the equity.

The Group monitors its liquidity risk to ensure that it has sufficient resources to meet its liabilities as they become due, under both normal and stressed circumstances without incurring unacceptable losses or risk to the Group's reputation. The Group maintains a balance between continuity of cash inflows and flexibility in the use of available and collateral free credit lines from local and international banks and constantly maintains good relations with its banks, such that additional facilities, whether for short or long term requirements, may be made available.

As at 31 October 2019 and 30 April 2019, the Company is in compliance with the covenants stipulated in its loan agreements.

Annex B

DEL MONTE PACIFIC, LTD.

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Ratio	Formula	For the six months ended October 31, 2019	October 31, 2018
(i) Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	1.0	1.2
Quick Ratio	(Current Assets - Inventory - Prepaid expense - Biological - Assets held for sale) / Current Liabilities	0.2	0.3
(ii) Solvency Ratio	Total Assets / Total Debt*	1.2	1.3
Financial Leverage Ratios:			
Debt Ratio	Total Debt*/Total Assets	0.8	0.8
Debt-to-Equity Ratio	Total Debt*/Total Stockholders' Equity	5.1	3.5
(iii) Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	6.1	4.5
(iv) Interest Coverage	Earnings Before Interest and Taxes (EBIT)** / Interest Charges	-0.1	0.7
(v) Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	24.10%	19.80%
Net Profit Margin attributable to owners of the company	Net Profit attributable to owners / Sales	-8.09%	1.15%
Net Profit Margin	Net Profit / Sales	-8.96%	0.71%
Return on Assets	Net Income / Total Assets	-2.86%	0.26%
Return on Equity	Net Income / Total Stockholders' Equity	-17.49%	1.17%

* Total Debt refers to total liabilities which composed of financial liabilities, trade payables, accrued expenses, and other liabilities.

** EBIT = Profit before tax plus finance expenses excluding foreign exchange gain/loss



DEL MONTE PACIFIC LIMITED

Management Discussion and Analysis of Unaudited Financial Condition and Results of Operations for the Second Quarter and First Half Ended 31 October 2019

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AUDIT

Second Quarter FY2020 results covering the period from 1 August 2019 to 31 October 2019 have neither been audited nor reviewed by the Group's auditors.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's FY2019 annual consolidated financial statements, except for the adoption of the following amendments effective beginning 1 May 2019, which the Group has adopted or is currently assessing the impact thereof:

Applicable 1 May 2019 which the Group has adopted:

- IFRS 16, Leases. The Group has adopted IFRS 16 effective 1 May 2019

Applicable for the first annual reporting period that begins on or after 1 May 2019 and onwards and are currently being assessed by the Group:

- IFRIC 23, Uncertainty over Income Tax Treatments Amendments to IAS 19, Plan Amendment, Curtailment or Settlement
- Amendments to IAS 12, Income Tax Consequences of Payments on Financial Instruments Classified as Equity
- Amendments to IAS 23, Borrowing Costs, Borrowing Costs Eligible for Capitalisation
- Amendments to IFRS 9, Prepayment Features with Negative Compensation
- Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures

DISCLAIMER

This announcement may contain statements regarding the business of Del Monte Pacific Limited and its subsidiaries (the “Group”) that are of a forward-looking nature and are therefore based on management’s assumptions about future developments. Such forward looking statements are typically identified by words such as ‘believe’, ‘estimate’, ‘intend’, ‘may’, ‘expect’, and ‘project’ and similar expressions as they relate to the Group. Forward looking statements involve certain risks and uncertainties as they relate to future events. Actual results may vary materially from those targeted, expected or projected due to various factors.

Representative examples of these factors include (without limitation) general economic and business conditions, change in business strategy or development plans, weather conditions, crop yields, service providers’ performance, production efficiencies, input costs and availability, competition, shifts in customer demands and preferences, market acceptance of new products, industry trends, and changes in government and environmental regulations. Such factors that may affect the Group’s future financial results are detailed in the Annual Report. The reader is cautioned to not unduly rely on these forward-looking statements.

Neither the Group nor its advisers and representatives shall have any liability whatsoever for any loss arising, whether directly or indirectly, from any use or distribution of this announcement or its contents.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares in Del Monte Pacific.

SIGNED UNDERTAKING FROM DIRECTORS AND EXECUTIVE OFFICERS

The Company confirms that the undertakings from all its Directors and Executive Officers as required in the format as set out in Appendix 7.7 under Rule 720(1) have been procured.

DIRECTORS’ ASSURANCE

Confirmation by Directors Pursuant to Clause 705(5) of the Listing Manual of SGX-ST.

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of Del Monte Pacific Limited which may render these interim financial statements to be false or misleading in any material aspect.

For and on behalf of the Board of Directors of Del Monte Pacific Limited

(Signed)
Rolando C Gapud
Executive Chairman

(Signed)
Joselito D Campos, Jr
Executive Director

6 December 2019

NOTES ON THE 2Q FY2020 DMPL RESULTS

1. DMPL's effective stake in DMFI is 89.4%, hence the non-controlling interest line (NCI) in the P&L. Net profit/(loss) is net of NCI.
2. FY means Fiscal Year for the purposes of this MD&A.
3. DMPL Group adopted the amendments to IAS 16 and IAS 41 (Agriculture: Bearer Plants in April 2017). The change in accounting standard was applied retrospectively. This involved reclassifying a portion of biological assets to plant, property and equipment leading to much higher depreciation expense. However, for EBITDA calculation, the Group retained the old calculation using the lower depreciation for comparability.
4. The Group has adopted IFRS 16 from 1 May 2019. IFRS 16 introduces a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, recognises right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. Please refer to page 23 for a discussion of the impact of IFRS 16.

FINANCIAL HIGHLIGHTS – SECOND QUARTER AND FIRST HALF ENDED 31 OCTOBER 2019

in US\$'000 unless otherwise stated *	For the three months ended 31 October			For the six months ended 31 October		
	Fiscal Year 2020	Fiscal Year 2019	% Change	Fiscal Year 2020	Fiscal Year 2019	% Change
With one-off items**						
Turnover	558,747	556,278	0.4	934,605	993,507	(5.9)
Gross profit	134,135	118,709	13.0	225,283	196,735	14.5
Gross margin (%)	24.0	21.3	2.7	24.1	19.8	4.3
EBITDA	(7,265)	46,159	(115.7)	29,381	65,005	(54.8)
Operating profit	(29,560)	29,986	(198.6)	(9,293)	32,009	(129.0)
Operating margin (%)	(5.3)	5.4	(10.7)	(1.0)	3.2	(4.2)
Net profit attributable to owners of the Company	(37,354)	8,425	(543.4)	(75,615)	11,447	(760.6)
Net margin (%)	(6.7)	1.5	(8.2)	(8.1)	1.2	(9.3)
EPS (US cents)	(2.18)	0.19	(1,247.4)	(4.40)	0.09	(4,988.9)
EPS before preference dividends (US cents)	(1.92)	0.44	(535.5)	(3.89)	0.60	(751.9)
Without one-off items**						
Gross profit	134,135	122,517	9.5	225,283	203,943	10.5
EBITDA	69,514	44,846	55.0	108,244	72,134	50.1
Operating profit	47,219	28,673	64.7	69,570	39,138	77.8
Net profit attributable to owners of the Company	15,925	7,301	118.1	20,074	3,570	462.3
Net debt	1,738,608	1,685,012	3.2	1,738,608	1,685,012	3.2
Gearing*** (%)	363.0	281.2	81.7	363.0	281.2	81.7
Cash flow from operations	(97,825)	(136,468)	28.3	(136,628)	(170,573)	19.9
Capital expenditure	31,058	27,558	12.7	55,379	55,895	(0.9)
Inventory (days)	138	137	1	202	188	14
Receivables (days)	26	29	(3)	32	32	0
Account Payables (days)	41	38	3	44	42	2

*The Company's reporting currency is US dollars. For conversion to S\$, the following exchange rates can be used: 1.37 in October 2019, 1.35 in October 2018. For conversion to Php, these exchange rates can be used: 51.82 in October 2019, 53.40 in October 2018.

**Please refer to the last page of this MD&A for a schedule of the one-off items

***Gearing = Net Debt / Equity

REVIEW OF OPERATING PERFORMANCE

Second Quarter

The Group achieved sales of US\$558.7 million for the second quarter of FY2020, marginally higher at 0.4% versus the prior year quarter driven by better retail sales in the Philippines and the strong performance of S&W brand in Asia partially offset by lower sales from the USA.

Stripping out Sager Creek's sales, the Group sales in the second quarter would have been higher by 1.9%.

The Group's US subsidiary, Del Monte Foods, Inc (DMFI) generated US\$396.2 million or 70.9% of Group sales. DMFI's sales decreased by 5.3% from US\$418.5 million mainly driven by the Sager Creek divestiture, lower sales to USDA in line with strategy and timing of holiday shipments resulting from a later Thanksgiving. Volume decline in packaged fruit was due to the impact of pricing.

DMFI continues to fast-track its innovation pipeline. In synch with trends for health, snacking and convenience, it launched innovative products in the Packaged Vegetable category. Del Monte continued to diversify beyond the canned goods aisle, which is a declining category. New products contributed 5.0% to DMFI's retail and foodservice sales in the second quarter.

In August, Del Monte introduced an innovative product - the ready-to-eat *Del Monte Veggieful Bowl* - in four varieties which feature one serving of vegetables with quinoa blended with whole grain and flavourful sauce. These items are being accepted by retailers across the US and have been launched nationwide in October. Del Monte "Veggieful" introduces a new way to make vegetable crave-worthy.

DMFI also introduced *College Inn Culinary Stock* with fine artisanal ingredients such as free-range chicken and grass-fed beef, and *College Inn Simple Starter*, convenient for one pot meals.

DMFI generated higher gross profit and margin of 21.2% from 17.8% in the prior year period. Higher gross margin was in line with DMFI's strategy to increase list price in the fourth quarter of FY2019 after several years of no price increase, lower trade spend, favourable sales mix due to lower non-retail sales, partly offset by higher delivered costs.

DMPL ex-DMFI generated sales of US\$171.2 million (inclusive of the US\$8.7 million sales by DMPL to DMFI which were netted out during consolidation) which were 15.8% higher than US\$147.9 million sales in prior year period. Higher sales were mainly driven by all major segments including Philippines, S&W across Asia and exports of packaged pineapple products.

DMPL ex-DMFI delivered marginally higher gross margin of 28.7% from 28.6% in the same period last year mainly from higher sales of fresh pineapple and price increases in the Philippine market, in line with inflation, partly offset by lower pineapple juice concentrate (PJC) and packaged pineapple pricing for exports.

Coming from a decline in FY2019, sales in the Philippines domestic market reversed, growing by 5.0% in peso terms and 9.1% in US dollar terms due to peso appreciation. Retail sales grew by 2.4% in volume and 7% in peso sales value. Non-retail foodservice declined as focus was shifted to more profitable parts of the business. Price increase and lower direct promotion spend contributed +2.7% to net sales growth, driven by a series of price increases across all categories mostly in 2019. Sales in the General Trade segment (about 50% of Philippines sales) grew by 5.8% year on year and by 20% quarter on quarter, as the Group continued to make progress in improving its distributor business that had impacted results in the prior year. Sales in the Modern Trade (about

30% of Philippines sales) increased by 8.8% quarter on quarter. The quarter ended with positive market share improvements across Beverages, Fruits and Culinary, driven by its continuing campaigns to drive category relevance (including its new *Tomato Sauce* “Sauce Special”) and affordable line extensions such as *Pineapple Tidbits* and *Ketchup* in pouch designed to expand downline sales.

Sales of the S&W branded business in Asia and the Middle East saw strong growth driven by a 24.7% increase in fresh pineapple sales, mainly to North Asia. The Group continues to supply sliced pineapple to McDonald’s and Burger King in China for their burgers.

On 20 August 2019, DMFI announced the closure and sale of four facilities. On 1 November 2019, DMFI successfully sold and transitioned its Cambria, Wisconsin operations and related employees to Seneca Foods Inc. DMFI has also entered into an agreement to sell its production facilities in Sleepy Eye, Minnesota and Mendota, Illinois and expects the closure and sale of these facilities to be completed during 4Q FY2020. DMFI has also sold equipment at its Crystal City, Texas facility and is considering additional proposals to sell the balance of the Crystal City assets. Production at rationalised facilities is being transitioned to other DMFI production facilities in the United States as well as to strategic co-packers. These divestitures will enable DMFI to significantly improve capacity utilisation at the remaining plants in its production network. While DMFI’s Asset-Light Strategy has been a complex undertaking, it has been a critical step in repositioning DMFI for the future. These resulted in incremental one-off expenses amounting to US\$75.5 million pre-tax, among others, in the second quarter of FY2020. Please refer to the last page of this MD&A for a schedule of the one-off items.

In view of the above, DMFI generated an EBITDA of (US\$36.4) million and net loss for the quarter of US\$52.8 million, significantly lower than the generated EBITDA of US\$19.8 million and net loss of US\$10.8 million in the same period last year.

Excluding the one-off items, DMFI contributed an EBITDA of US\$40.4 million and a net loss of US\$0.9 million to the Group, an increase of 92.3% versus same period of last year.

DMPL ex-DMFI generated an EBITDA of US\$28.0 million which was higher by 13.8% in the same period last year mainly from factors discussed above. However, DMPL ex-DMFI generated net profit of US\$11.8 million, lower versus the US\$13.4 million in the same period last year driven by higher interest expense, higher loss from FieldFresh (JV in India) and tax.

DMPL’s share in the FieldFresh joint venture in India was a US\$0.5 million loss from a breakeven in the prior year quarter, due to lower than planned sales from increased competition, strategic marketing investment to drive growth in the “Italian” range of products coupled with higher supply and logistics costs for the fresh business and key commodities.

The Group’s EBITDA of (US\$7.3) million was significantly lower than prior year quarter’s EBITDA of US\$46.2 million. This quarter’s EBITDA included US\$76.7 million of one-off expenses mainly related to plant closure cost and severance expenses in the US. Without the one-off expenses, the Group recurring EBITDA was US\$69.5 million, higher versus prior year quarter’s recurring EBITDA of US\$44.8 million due to margin improvement from higher sales in Asia and increase in list price that DMFI took in the second half of FY2019. (Impact from change in accounting for leases under IFRS 16 is explained on page 23 of this report.)

Also, in view of the abovementioned one-off expenses, the Group reported a net loss of US\$37.4 million for the quarter versus a net profit of US\$8.4 million in the prior year quarter. Last year’s net profit had also included a net one-off gain of US\$1.1 million post-tax.

Without the one-off items, the Group reported a recurring net profit of US\$15.9 million as compared to last year’s recurring net profit of US\$7.3 million.

The Group’s cash outflow from operations in the second quarter was US\$97.8 million, lower than last year’s US\$136.5 million mainly on inventory and trade and other receivables build up due to selling season offset by increase in trade and other payables this year while there were net settlements of trade and other payables in prior year. The cash flow from operations is negative in the second quarter due to the seasonality of the production cycle which peaks in the second quarter.

Cash flows are expected to improve in the seasonally stronger second semester with peak sales around Thanksgiving and Christmas, as well as Easter in the last quarter ending April.

First Half

For the first half of FY2020, the Group generated sales of US\$934.6 million, down 5.9% versus prior year period. DMFI generated US\$0.6 billion or 68.2% of Group sales, lower by 12.3% largely driven by the planned divestiture of the Sager Creek vegetable business in September 2017, lower volume of private label and USDA sales, in line with company strategy. Volume decline in packaged fruit was also due to the impact of pricing.

In May, Del Monte introduced an innovative product, *Del Monte Fruit Crunch Parfait*, which features layers of non-dairy coconut crème, crunchy granola with probiotics, and a full serving of fruit. For the frozen segment, DMFI launched *Del Monte Veggiesful Bites* and *Contadina Pizzettas*, frozen snacks made with cauliflower crust, with a full serving of vegetable in five bites. These items are being accepted by retailers across the US and have been launched nationwide in May.

In June, DMFI started shipping *Del Monte Bubble Fruit*, exciting fruit cups with juicy popping boba great for kids' snacks. DMFI also started shipping new flavours of *Del Monte Fruit & Oats - Strawberry Apple* and *Blueberry Apple*, and *Del Monte Fruit & Chia Apple Raspberry Cherry*.

New products contributed 5.2% to DMFI's retail and foodservice sales in the first half.

DMFI generated higher gross profit and margin of 20.8% from 15.7% in the prior year period. Higher gross margin was in line with DMFI's strategy to increase list price in the fourth quarter of FY2019 after several years of no price increase, favourable impact of the divestiture of low margin Sager Creek vegetable business, partly offset by higher delivered costs. FY2019 was also impacted by increased costs to liquidate Sager Creek products.

The Philippine market sales were up 3.9% and 6.9% in peso and US terms, respectively. Price increase and lower direct promotion spend contributed +2.4% to net sales growth, driven by a series of price increases across all categories mostly in 2019. Sales in the General Trade segment (about 50% of Philippines sales) grew by 4.9%, as the Group continued to make progress in improving its distributor business that had impacted results in the prior year. Sales in the Modern Trade (about 30% of Philippines sales) increased by 8.4%.

Sales of the S&W branded business in Asia and the Middle East grew strongly by 23.5% in the first half mainly driven by higher sales of fresh pineapple in North Asia.

DMPL ex-DMFI delivered higher gross margin of 28.3% from 27.6% in the same period last year mainly from higher sales of fresh pineapple and price increases in the Philippine market in line with inflation, partly offset by higher delivered cost.

DMPL's share in the FieldFresh joint venture in India was unfavourable at US\$0.8 million loss from a US\$0.2 million profit in the prior year period due to higher cost of commodities, increased overheads and increased marketing investments to drive growth of the Italian range of products.

The Group posted an EBITDA of US\$29.4 million of which DMFI accounted for (US\$26.9) million. Excluding one-off expenses, the Group's EBITDA would have been US\$108.2 million, 50.0% higher versus the recurring EBITDA of US\$72.1 million in the prior year period. (Impact from change in accounting for leases under IFRS 16 is explained on page 23 of this report.)

In preparation for its capital raising initiatives, in the first quarter of this fiscal year, DMPL's Philippine subsidiary, Del Monte Philippines, Inc, declared a dividend to its parent which was taxed at 15% amounting to US\$39.6 million. In view of this and the one-off expenses incurred by DMFI due to plant closures/sale, the Group reported a net loss of US\$75.6 million for the first half of FY2020, unfavourable compared to the prior year period's net profit of US\$11.4 million. Last year's net profit had also included a one-off gain of US\$16.2 million pre-tax or US\$12.8 million post-tax from the purchase of US\$99.0 million of DMFI's second lien loan at a discount in the secondary market.

Without the one-off items, the Group reported a recurring net profit of US\$20.1 million higher as compared to last year's recurring net profit of US\$3.6 million.

The Group gearing increased to 3.6x equity as of 31 October 2019, from 2.8x in prior year quarter, primarily due to higher loans during this period historically due to inventory buildup post pack season as well as reduction of retained earnings from net loss booked in the first half of the year resulting from closure of facilities and tax on dividend declared by DMPL's Philippines subsidiary in the first quarter.

The Group's cash outflow from operations in the first half was US\$136.6 million, lower versus last year's cash outflow of US\$170.6 million mainly from increase in trade and other payables.

VARIANCE FROM PROSPECT STATEMENT

The Group expects to generate a net profit for the balance of the year on a recurring basis. It is on track to achieving a net profit for the full year on a recurring basis which is in line with earlier guidance.

BUSINESS OUTLOOK

DMFI faces headwinds from the long-term structural decline of canned categories in which it competes. Del Monte is "thinking outside the can" to meet the rapidly changing world of consumer preferences and eating habits. With consumers gravitating towards fresh, healthy food and away from physical retail stores, Del Monte had to rethink its products and how to get them in front of customers.

The Group will continue to strengthen its product offerings and enter new categories, in line with market trends for health and wellness, snacking and convenience. It will continue to focus on business segments which are on-trend, pursue innovation to address growing consumer needs for more convenient, healthy and flavourful solutions, as well as build its distribution base in the growing store perimeter and emerging channels. At the same time, it will rationalise non-profitable businesses, in particular the low-margin, non-branded segment.

Over time, the product portfolio in the USA will no longer be mostly canned but will have increasingly meaningful contribution from non-can formats such as cups, cartons and pouches. New categories of frozen and snacking will be further developed. In FY2020, innovation will be out of the can. It will no longer focus solely on retail centre-of-store, but also on retail perimeter, convenience stores, foodservice and e-commerce.

While DMFI's Asset-Light Strategy has been a complex undertaking, it has been a critical step in repositioning DMFI for the future. Execution of this strategy and other cost saving initiatives should improve the Group's EBITDA margin by an estimated 225–275 basis points (US\$50-60 million) over the next 24 months.

A portion of these improved cost savings will be reinvested in the growth and expansion of DMFI's iconic brands. DMFI is capitalising on growing consumer desire for convenient, healthy and tasty plant-based foods. It is expanding its brands beyond center store grocery into higher growth categories such as frozen, produce and deli, and expanding its presence within the foodservice, convenience store and club store channels.

"The restructuring is a necessary step for us to remain competitive in a rapidly changing marketplace," said DMPL Managing Director and Chief Executive Officer Joselito D Campos, Jr. "Our asset-light strategy will lead to more efficient and lower cost operations," he added. The facilities are part of Del Monte Foods' 10 plants in the US. It also has two plants in Mexico.

The Group will continue to expand its existing branded business in Asia, through the Del Monte brand in the Philippines, where it is a dominant market leader. S&W, both packaged and fresh, will continue to gain more traction as it leverages its distribution expansion in Asia and the Middle East, while the Group's joint venture in India will continue to generate higher branded Del Monte sales and maintain its positive EBITDA.

The Nice Fruit frozen pineapple plant is in operation, with shipments to the USA, Japan, China and South Korea. We expect to make Nice Fruit frozen pineapple available across more markets.

The Group will be exploring e-commerce opportunities for its range of products across markets.

Barring unforeseen circumstances, the Group is expected to remain profitable in FY2020 on a recurring basis (without one-off items).

The Group is currently evaluating options and is expected to refinance existing DMFI loan facilities of approximately US\$1.4 billion, comprising of: US\$442.5 million (Asset Based Loan facility), US\$670 million (First Lien Term Loan) and US\$260 million (Second Lien Term Loan), which will mature in November 2020, February 2021, and August 2021, respectively. The Group has continued to support the capital structure requirements and deleveraging efforts of DMFI, including the purchase, over the last 20 months, of approximately US\$231 million of DMFI's Second Lien Term Loan.

REVIEW OF TURNOVER, GROSS PROFIT AND OPERATING PROFIT

AMERICAS

For the quarter ended 31 October

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg
Packaged vegetable	154,089	158,787	(3.0)	42,431	33,612	26.2	14,802	7,239	104.5
Packaged fruit	176,866	183,785	(3.8)	29,774	26,944	10.5	654	(1,764)	137.1
Beverage	4,830	4,226	14.3	258	19	1,257.9	(846)	(1,215)	30.4
Culinary	63,313	69,875	(9.4)	13,341	16,533	(19.3)	4,704	5,596	(15.9)
Others	302	1,061	(71.5)	(448)	280	(260.0)	(72,092)	(53)	nm
Total	399,400	417,734	(4.4)	85,356	77,388	10.3	(52,778)	9,803	(638.4)

For the six months ended 31 October

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg
Packaged vegetable	241,512	288,878	(16.4)	64,267	48,741	31.9	20,560	(1,726)	1,291.2
Packaged fruit	284,165	311,914	(8.9)	51,573	47,913	7.6	530	(4,075)	113.0
Beverage	7,602	9,186	(17.2)	939	423	122.0	(1,078)	(1,939)	44.4
Culinary	105,777	112,033	(5.6)	20,737	22,108	(6.2)	3,899	3,422	13.9
Others	537	2,022	(73.4)	(751)	518	(245.0)	(74,317)	55	nm
Total	639,593	724,033	(11.7)	136,765	119,703	14.3	(50,406)	(4,263)	(1,082.4)

Reported under the Americas segment are sales and profit on sales in USA, Canada and Mexico. Majority of this segment's sales are principally sold under the Del Monte brand but also under the Contadina, S&W, College Inn and other brands. This segment also includes sales of private label food products. Sales in the Americas are distributed across the United States, in all channels serving retail markets, as well as to the US military, certain export markets, the foodservice industry and other food processors.

Sales in the Americas declined by 4.4% to US\$399.4 million driven by the Sager Creek divestiture and lower sales from USDA. The decline in sales was in line with DMFI's strategy to deprioritise non-profitable businesses, including private label. Stripping out Sager Creek's sales, Americas sales would have been lower by 2.5%.

DMFI has fast-tracked its innovation pipeline. In synch with trends for health, snacking and convenience, it

launched innovative products in the growing refrigerated produce and frozen categories. Del Monte continues to diversify beyond the canned goods aisle which is a declining category. Please refer to page 4 for more details.

Gross profit was higher this quarter as a result of price increase and the divestiture of low-margin Sager Creek business.

Americas reported an operating loss for the quarter of US\$52.8 million versus prior year quarter's operating profit of US\$9.8 million due to one-off expenses from plant closures/sale as earlier mentioned.

ASIA PACIFIC

For the quarter ended 31 October

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg
Packaged vegetable	420	272	54.4	62	72	(13.9)	56	75	(25.3)
Packaged fruit	34,784	32,348	7.5	9,924	9,321	6.5	6,398	5,411	18.2
Beverage	29,122	26,954	8.0	7,076	5,467	29.4	1,632	(670)	343.6
Culinary	40,842	36,901	10.7	15,029	13,813	8.8	8,922	7,295	22.3
Others	46,066	35,957	28.1	16,225	12,113	33.9	6,081	8,182	(25.7)
Total	151,234	132,432	14.2	48,316	40,786	18.5	23,089	20,293	13.8

For the six months ended 31 October

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg
Packaged vegetable	869	881	(1.4)	156	243	(35.8)	143	191	(25.1)
Packaged fruit	57,172	53,642	6.6	15,706	15,115	3.9	9,831	8,024	22.5
Beverage	61,450	58,199	5.6	16,436	13,310	23.5	7,227	1,207	498.8
Culinary	67,042	61,717	8.6	25,138	23,601	6.5	15,765	13,051	20.8
Others	94,311	78,569	20.0	31,661	25,082	26.2	9,730	15,616	(37.7)
Total	280,844	253,008	11.0	89,097	77,351	15.2	42,696	38,089	12.1

Reported under this segment are sales and profit on sales in the Philippines, comprising primarily of Del Monte branded packaged products, including Del Monte traded goods; S&W products in Asia and the Middle East both fresh and packaged; and Del Monte packaged products from the Philippines into Indian subcontinent as well as unbranded Fresh and packaged goods.

Asia Pacific's sales in the second quarter increased by 14.2% to US\$151.2 million from US\$132.4 million mainly due to increase in exports of fresh pineapples as well as increase in sales from the Philippine market mainly from price increases, in line with inflation, and the continuous improvement in distribution channels that impacted sales in prior years.

Sales in the Philippines domestic market were up in both peso and US dollar terms by 5.0% and 9.1%, respectively, mainly due to peso appreciation, price increases and lower sales returns.

EUROPE

For the quarter ended 31 October

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg
Packaged fruit	5,702	4,230	34.8	449	1,010	(55.5)	257	684	(62.4)
Beverage	2,411	1,882	28.1	14	(475)	102.9	(128)	(794)	83.9
Total	8,113	6,112	32.7	463	535	(13.5)	129	(110)	217.3

For the six months ended 31 October

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg
Packaged fruit	9,491	10,524	(9.8)	53	2,262	(97.7)	(585)	1,355	(143.2)
Beverage	4,677	5,942	(21.3)	(632)	(2,581)	75.5	(998)	(3,172)	68.5
Total	14,168	16,466	(14.0)	(579)	(319)	(81.5)	(1,583)	(1,817)	12.9

Included in this segment are sales of unbranded products in Europe.

For the second quarter, Europe's sales increased by 32.7% to US\$8.1 million from US\$6.1 million. Gross profit and operating profit decreased by 13.5% and increased by 217.3%, respectively, driven by lower sales volume.

REVIEW OF COST OF GOODS SOLD AND OPERATING EXPENSES

% of Turnover	For the three months ended 31 October			For the six months ended 31 October		
	FY2020	FY2019	Comments	FY2020	FY2019	Explanatory Notes
Cost of Goods Sold	76.0	78.7	Overall, higher impact of increase in retail prices, than increase in cost of production, resulting in higher margin rate	75.9	80.2	Same as 2Q
Distribution and Selling Expenses	11.0	9.8	Driven by DMFI mainly on Fruits and Innovation	10.8	9.7	Same as 2Q
G&A Expenses	6.0	6.4	Driven by DMFI mainly from lower fringe and medical expenses	6.8	7.2	Same as 2Q
Other Operating Expenses (Income)	12.2	(0.2)	Losses incurred on DMFI plant closures	7.5	(0.3)	Same as 2Q

REVIEW OF OTHER MATERIAL CHANGES TO INCOME STATEMENTS

<i>In US\$'000</i>	For the three months ended 31 October				For the six months ended 31 October			
	FY2020	FY2019	%	Comments	FY2020	FY2019	%	Explanatory Notes
Depreciation and amortization	(43,733)	(33,362)	(31.1)	Amortisation of right-of-use assets (Adoption of IFRS 16)	(78,815)	(65,186)	(20.9)	Amortisation of right-of-use assets (Adoption of IFRS 16)
Reversal/ (Provision) of asset impairment	(40,793)	(1,284)	(3,077.0)	Impairment relating to closure of plant assets	(40,777)	(1,259)	(3,138.8)	Impairment relating to closure of plant assets
Reversal/ (Provision) for inventory obsolescence	(296)	(510)	42.0	Higher provision last year, on processed pineapple and Contadina products	(882)	(351)	(151.3)	Mostly on unrealised demand, resulting to higher obsolescence
Provision for doubtful debts	(16)	(49)	67.3	Higher provision last year on nontrade receivables	(71)	(61)	(16)	Impaired receivable from customer claims
Net gain/(loss) on disposal of fixed assets	152	4,991	(97.0)	Higher gain last year recognised on sale of DMFI plant assets	(1,436)	3,105	(146.2)	Higher gain last year recognised on sale of DMFI plant assets
Foreign exchange gain/(loss)- net	(461)	(306)	(50.7)	Depreciation of peso, affecting mainly US-denominated obligations	3,002	1,457	106.0	Appreciation of peso, affecting mainly US-denominated obligations
Interest income	269	1,711	(84.3)	Recognised gain on second lien buyout last year, none this year	528	17,821	(97.0)	Recognised gain on second lien buyout last year, none this year
Interest expense	(27,050)	(24,714)	(9.5)	Higher amount of borrowings this year compared to last year	(52,070)	(47,740)	(9.1)	Higher amount of borrowings this year compared to last year
Share in net loss of JV	(832)	(378)	(120.1)	Higher losses of the joint ventures	(1,215)	(461)	(163.6)	Higher losses of the joint ventures
Taxation Benefit (Expense)	14,011	1,098	1,176.0	Higher tax loss carryforward	(24,706)	3,949	(725.6)	Final taxes paid on intercompany dividends

REVIEW OF GROUP ASSETS AND LIABILITIES

Balance Sheet	31 October 2019	31 October 2018	30 April 2019	1H Variance %	Explanatory Notes
In US\$'000					
ASSETS					
Property, plant and equipment - net	520,835	588,401	582,033	(10.5)	Attributable to DMFI's disposal of its machineries and equipment
Right-of-use assets	216,801	-	-	nm	Change in accounting policy (IFRS 16)
Investment in joint ventures	22,997	24,885	24,212	(5.0)	nm
Intangible assets and goodwill	704,672	711,322	707,997	(0.5)	nm
Other noncurrent assets	32,239	45,693	39,096	(17.5)	Reposition of deferred rent as part of Right of Use Asset due to IFRS 16 change
Deferred tax assets - net	137,344	87,825	106,321	29.2	Higher tax loss carry forward from DMFI
Pension assets	8,013	10,842	8,240	(2.8)	nm
Biological assets	58,306	45,595	54,002	nm	nm
Inventories	926,220	904,367	664,922	39.3	Build up of inventories for the peak season/holidays in US and other markets.
Trade and other receivables	218,564	240,564	149,054	46.6	Timing of collection of sales revenue
Prepaid expenses and other current assets	43,908	28,794	36,716	19.6	Increased spending on prepaid promotions
Cash and cash equivalents	35,221	33,863	21,636	62.8	Net loan availments during 1st half
Noncurrent assets held for sale	4,543	679	4,465	1.7	nm
EQUITY					
Share capital	49,449	49,449	49,449	-	nm
Share premium	478,339	478,339	478,339	-	nm
Retained earnings	(241)	97,077	96,074	(100.3)	Net loss during the 1st half and dividend pay-out
Reserves	(81,228)	(70,818)	(65,827)	(23.4)	Change in discount rate on remeasurement of retirement plans
Non-controlling interest	32,681	45,082	43,106	(24.2)	Share in the loss of DMFI during the 1st half
LIABILITIES					
Loans and borrowings	1,773,829	1,718,875	1,478,655	20.0	New loans were acquired during the 1st half of the fiscal year
Lease liabilities	205,857	-	-	nm	Change in accounting policy (IFRS 16)
Other noncurrent liabilities	19,896	30,043	30,015	(33.7)	Attributable to the decrease in derivative liability of DMFI. Also, lease liabilities are presented separately due to the adoption of IFRS 16
Employee benefits	122,127	105,615	91,421	33.6	Change in discount rate on remeasurement of retirement plans
Environmental remediation liabilities	14,786	159	697	2,021.4	Higher provisions relating to plant closures
Deferred tax liabilities - net	6,953	10,099	6,404	8.6	nm
Trade and other current liabilities	303,722	258,414	188,669	61.0	increase in purchases of DMFI, relating to Inventory buildup for peak season
Current tax liabilities	3,493	496	1,692	106.4	Taxes on Non PEZA activities increased during the year.

SHARE CAPITAL

Total shares outstanding were at 1,973,960,024 (common shares 1,943,960,024 and preference shares 30,000,000) as of 31 October 2019 and 2018. Share capital is at US\$49.5 million as of 31 October 2019 and 2018. Market price options and share awards were granted pursuant to the Company's Executive Stock Option Plan and Restricted Share Plan as set out in the table below.

Date of Grant	Options	Share Awards	Recipient(s)
7 March 2008	1,550,000	1,725,000	Key Executives
20 May 2008	–	1,611,000	CEO
12 May 2009	–	3,749,000	Key Executives
29 April 2011	–	2,643,000	CEO
21 November 2011	–	67,700	Non-Executive Director
30 April 2013	150,000	486,880	Key Executives
22 August 2013	–	688,000	Executive/Non-Executive Directors
1 July 2015	75,765	57,918	Executive/Non-Executive Directors

The number of shares outstanding includes 975,802 shares held by the Company as treasury shares as at 31 October 2019 and 2018. There was no sale, disposal and cancellation of treasury shares during the quarter and as at 31 October 2019.

In April 2019, the parent Company converted its advances to wholly owned subsidiaries Del Monte Pacific Resources Limited (DMPRL) and DMPL India, Pte Ltd (DMPLI) in the amounts of US\$167.6 million and US\$70.1 million, respectively into additional paid in capital. The conversion was approved by the Board of directors on 30 April 2019.

In April 2017, the Company successfully completed the offering and listing of 20 million Series A-1 Preference Shares at an offer price of US\$10 per share in the Philippines generating US\$200 million in proceeds. In December 2017, the Company raised and listed another US\$100 million of Preference Shares (10 million Series A-2 shares).

The Company used the net proceeds to substantially refinance the US\$350 million BDO Unibank, Inc loan due in February 2019.

BORROWINGS AND NET DEBT

Liquidity in US\$'000	31 October 2019	31 October 2018	30 April 2019
Gross borrowings	(1,773,829)	(1,718,875)	(1,478,655)
Current	(974,068)	(776,436)	(492,740)
Secured	(473,192)	(277,490)	(138,870)
Unsecured	(500,876)	(498,946)	(353,870)
Non-current	(799,761)	(942,439)	(985,915)
Secured	(687,520)	(888,439)	(874,674)
Unsecured	(112,241)	(54,000)	(111,241)
Less: Cash and bank balances	35,221	33,863	21,636
Net debt	(1,738,608)	(1,685,012)	(1,457,019)

The Group's net debt (cash and bank balances less borrowings) amounted to US\$1.7 billion as at 31 October 2019, higher than last year due to additional borrowings made during the first half of the year for payment of dividend taxes as well as for general use purposes.

DIVIDENDS

In October 2019, the Company paid dividends to holders of the following:

- The Series A-1 Preference Shares at the fixed rate of 6.625% per annum, or equivalent to US\$ 0.33125 per Series A-1 Preference Share for the six-month period from 8 April 2019 to 8 October 2019 (the “Series A-1 Dividend”); and,
- The Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US\$ 0.20403 per Series A-2 Preference Share for the six-month period from 9 April 2019 to 8 October 2019 (the “Series A2 Dividend”).

The cash dividends were paid on 8 October 2019, the dividend payment date.

Except for the above, no other dividends have been declared for this quarter and for the corresponding prior year quarter.

INTERESTED PERSON TRANSACTIONS

The aggregate value of IPT conducted pursuant to shareholders’ mandate obtained in accordance with Chapter 9 of the Singapore Exchange’s Listing Manual was as follows:

In US\$'000	Aggregate value of all IPTs (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)		Aggregate value of all IPTs conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	FY2020	FY2019	FY2020	FY2019
For the six months ended 31 October				
NutriAsia, Inc	-	-	275	503
DMPI Retirement Fund	-	-	821	762
NutriAsia, Inc Retirement Fund	-	-	296	269
Aggregate Value	-	-	1,392	1,533

DEL MONTE PACIFIC LIMITED **UNAUDITED CONSOLIDATED INCOME STATEMENT**

Amounts in US\$'000	For the three months ended			For the six months ended		
	31 October			31 October		
	FY2020	FY2019		FY2020	FY2019	
	(Unaudited)	(Unaudited)	%	(Unaudited)	(Unaudited)	%
Turnover	558,747	556,278	0.4	934,605	993,507	(5.9)
Cost of sales	(424,612)	(437,569)	3.0	(709,322)	(796,772)	11.0
Gross profit	134,135	118,709	13.0	225,283	196,735	14.5
Distribution and selling expenses	(61,739)	(54,314)	(13.7)	(100,807)	(96,862)	(4.1)
General and administration expenses	(33,740)	(35,430)	4.8	(63,952)	(71,074)	10.0
Other operating income/(loss)	(68,216)	1,021	(6,781.3)	(69,817)	3,210	(2,275.0)
Profit from operations	(29,560)	29,986	(198.6)	(9,293)	32,009	(129.0)
Financial income*	(92)	1,862	(104.9)	3,845	19,772	(80.6)
Financial expense*	(27,150)	(25,171)	(7.9)	(52,385)	(48,234)	(8.6)
Share in net loss of joint venture	(832)	(378)	(120.1)	(1,215)	(461)	(163.6)
Profit/(loss) before taxation	(57,634)	6,299	(1,015.0)	(59,048)	3,086	(2,013.4)
Taxation	14,011	1,098	1,176.0	(24,706)	3,949	(725.6)
Profit/(loss) after taxation	(43,623)	7,397	(689.7)	(83,754)	7,035	(1,290.5)
Profit/(loss) attributable to:						
Owners of the Company	(37,354)	8,425	(543.4)	(75,615)	11,447	(760.6)
Non-controlling interest**	(6,269)	(1,028)	(509.8)	(8,139)	(4,412)	(84.5)
Profit/(loss) for the period	(43,623)	7,397	(689.7)	(83,754)	7,035	(1,290.5)
Notes:						
Depreciation and amortisation	(43,733)	(41,651)	(5.0)	(78,815)	(73,475)	(7.3)
Reversal (Provision) of asset impairment	(40,793)	(1,284)	(3,077.0)	(40,777)	(1,259)	(3,138.8)
Reversal of (provision for) inventory obsolescence	(296)	(510)	42.0	(882)	(351)	(151.3)
Provision for doubtful debts	(16)	(49)	67.3	(71)	(61)	(16.4)
Gain (loss) on disposal of fixed assets	152	4,991	(97.0)	(1,436)	3,105	(146.2)
*Financial income comprise:						
Interest income	269	1,711	(84.3)	528	17,821	(97.0)
Foreign exchange gain	(361)	151	(339.1)	3,317	1,951	70.0
	(92)	1,862	(104.9)	3,845	19,772	(80.6)
*Financial expense comprise:						
Interest expense	(27,050)	(24,714)	(9.5)	(52,070)	(47,740)	(9.1)
Foreign exchange loss	(100)	(457)	78.1	(315)	(494)	36.2
	(27,150)	(25,171)	(7.9)	(52,385)	(48,234)	(8.6)

nm – not meaningful

Earnings per ordinary share in US cents	For the three months ended		For the six months ended	
	31 October		31 October	
	FY2020	FY2019	FY2020	FY2019
Earnings per ordinary share based on net profit attributable to shareholders:				
(i) Based on weighted average no. of ordinary shares	(2.18)	0.18	(4.40)	0.08
(ii) On a fully diluted basis	(2.18)	0.18	(4.40)	0.08

*Includes (US\$8,097m) for DMFI and (US\$42m) for FieldFresh in the first half ended FY2020 and (US\$4,420m) for DMFI and US\$8m for FieldFresh in the first half ended FY2019.

**Includes (US\$6,240) for DMFI and (US\$29) for FieldFresh in the second quarter of FY2020 and (US\$1,028m) for DMFI and US\$1m for FieldFresh in the second quarter of FY2019.

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

Amounts in US\$'000	For the six months ended 31 October		
	FY2020 (Unaudited)	FY2019 (Unaudited)	%
Profit /(Loss) for the period	(83,754)	7,035	(1,290.5)
Other comprehensive income (after reclassification adjustment):			
<i>Items that will or may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating of foreign operations	3,953	(12,272)	132.2
Effective portion of changes in fair value of cash flow hedges	(1,050)	2,214	(147.4)
Income tax expense on cash flow hedge	257	(542)	147.5
	3,160	(10,600)	129.8
<i>Items that will not be classified to profit or loss</i>			
Remeasurement of retirement benefit	(26,301)	3,423	(868.4)
Income tax expense on retirement benefit	5,454	718	659.6
	(20,847)	4,141	(603.4)
Other comprehensive loss for the period	(17,687)	(6,459)	(173.8)
Total comprehensive income/(loss) for the period	(101,441)	576	nm
Attributable to:			
Owners of the Company	(91,016)	4,433	(2,153.1)
Non-controlling interests	(10,425)	(3,857)	(170.3)
Total comprehensive income /(loss)for the period	(101,441)	576	nm

nm – not meaningful

Please refer to page 3 for the Notes

DEL MONTE PACIFIC LIMITED **UNAUDITED STATEMENT OF FINANCIAL POSITION**

Amounts in US\$'000	Group			Company		
	31 Oct 2019 (Unaudited)	31 Oct 2018 (Unaudited)	30 April 2019 (Audited)	31 Oct 2019 (Unaudited)	31 Oct 2018 (Unaudited)	30 April 2019 (Audited)
Non-Current Assets						
Property, plant and equipment - net	520,835	588,401	582,033	-	-	-
Right-of-use assets	216,801	-	-	-	-	-
Investment in subsidiaries	-	-	-	549,862	716,475	830,855
Investment in joint ventures	22,997	24,885	24,212	377	1,167	766
Intangible assets and goodwill	704,672	711,322	707,997	-	-	-
Other noncurrent assets	32,239	45,693	39,096	-	-	-
Deferred tax assets - net	137,344	87,825	106,321	23	12	27
Pension assets	8,013	10,842	8,240	-	-	-
Biological assets	1,901	1,621	1,682	-	-	-
Amount due from related company	-	-	-	213,911	175,049	202,471
	1,644,802	1,470,589	1,469,581	764,173	892,703	1,034,119
Current Assets						
Inventories	926,220	904,367	664,922	-	-	-
Biological assets	56,405	43,974	52,320	-	-	-
Trade and other receivables	218,564	240,564	149,054	98,938	173,472	3,187
Prepaid expenses and other current assets	43,908	28,794	36,716	178	229	192
Cash and cash equivalents	35,221	33,863	21,636	1,482	432	886
	1,280,318	1,251,562	924,648	100,598	174,133	4,265
Noncurrent assets held for sale	4,543	679	4,465	-	-	-
	1,284,861	1,252,241	929,113	100,598	174,133	4,265
Total Assets	2,929,663	2,722,830	2,398,694	864,771	1,066,836	1,038,384
Equity attributable to equity holders of the Company						
Share capital	49,449	49,449	49,449	49,449	49,449	49,449
Share premium	478,339	478,339	478,339	478,478	478,477	478,478
Retained earnings	(241)	97,077	96,074	(241)	97,077	96,074
Reserves	(81,228)	(70,818)	(65,827)	(81,228)	(70,592)	(65,827)
Equity attributable to owners of the Company	446,319	554,047	558,035	446,458	554,411	558,174
Non-controlling interest	32,681	45,082	43,106	-	-	-
Total Equity	479,000	599,129	601,141	446,458	554,411	558,174
Non-Current Liabilities						
Loans and borrowings	799,761	942,439	985,915	112,241	183,684	241,015
Lease liabilities	176,086	-	-	-	-	-
Other noncurrent liabilities	19,896	30,043	30,015	-	-	148
Employee benefits	86,450	71,688	63,781	185	-	-
Environmental remediation liabilities	14,786	159	697	-	-	-
Deferred tax liabilities - net	6,953	10,099	6,404	-	-	-
	1,103,932	1,054,428	1,086,812	112,426	183,684	241,163
Current Liabilities						
Trade and other current liabilities	303,722	258,414	188,669	41,902	104,834	103,977
Loans and borrowings	974,068	776,436	492,740	263,985	223,902	135,070
Lease liabilities	29,771	-	-	-	-	-
Current tax liabilities	3,493	496	1,692	-	-	-
Employee benefits	35,677	33,927	27,640	-	5	-
	1,346,731	1,069,273	710,741	305,887	328,741	239,047
Total Liabilities	2,450,663	2,123,701	1,797,553	418,313	512,425	480,210
Total Equity and Liabilities	2,929,663	2,722,830	2,398,694	864,771	1,066,836	1,038,384
NAV per ordinary share (US cents)	23.10	29.28	29.38	21.42	26.98	27.17
NTAV per ordinary share (US cents)	(13.15)	(7.31)	(7.04)	21.42	26.98	27.17

DEL MONTE PACIFIC LIMITED UNAUDITED STATEMENTS OF CHANGES IN EQUITY

<i>Amounts in US\$'000</i>	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasurement of retirement plan	Hedging Reserve	Share Option reserve	Reserve for own shares	Retained earnings	Totals	Non-controlling interest	Total equity
Group												
Fiscal Year 2020												
At 1 May 2019	49,449	478,339	(93,375)	10,885	17,648	(2,452)	1,753	(286)	96,074	558,035	43,106	601,141
Change in accounting policy	-	-	-	-	-	-	-	-	(713)	(713)	-	(713)
At 1 May 2019, as restated	49,449	478,339	(93,375)	10,885	17,648	(2,452)	1,753	(286)	95,361	557,322	43,106	600,428
Total comprehensive income for the period												
Loss for the year	-	-	-	-	-	-	-	-	(75,615)	(75,615)	(8,139)	(83,754)
Other comprehensive income												
Currency translation differences recognised directly in equity	-	-	3,950	-	-	-	-	-	-	3,950	3	3,953
Remeasurement of retirement plan, net of tax	-	-	-	-	(18,642)	-	-	-	-	(18,642)	(2,205)	(20,847)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	(709)	-	-	-	(709)	(84)	(793)
Total other comprehensive income	-	-	3,950	-	(18,642)	(709)	-	-	-	(15,401)	(2,286)	(17,687)
Total comprehensive (loss)/income for the period	-	-	3,950	-	(18,642)	(709)	-	-	(75,615)	(91,016)	(10,425)	(101,441)
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Payment of Dividends	-	-	-	-	-	-	-	-	(19,987)	(19,987)	-	(19,987)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(19,987)	(19,987)	-	(19,987)
At 31 October 2019	49,449	478,339	(89,425)	10,885	(994)	(3,161)	1,753	(286)	(241)	446,319	32,681	479,000

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

<i>Amounts in US\$'000</i>	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasurement of retirement plan	Hedging Reserve	Share Option reserve	Reserve for own shares	Retained earnings	Totals	Non-controlling interest	Total equity
Group												
Fiscal Year 2019												
At 1 May 2018	49,449	478,323	(91,515)	10,885	18,225	(2,764)	1,373	(286)	95,505	559,195	49,065	608,260
Total comprehensive income for the period												
Loss for the year	-	-	-	-	-	-	-	-	11,447	11,447	(4,412)	7,035
Other comprehensive income												
Currency translation differences recognised directly in equity	-	-	(12,315)	-	-	-	-	-	-	(12,315)	43	(12,272)
Remeasurement of retirement plan, net of tax	-	-	-	-	3,806	-	-	-	-	3,806	335	4,141
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	1,495	-	-	-	1,495	177	1,672
Total other comprehensive income	-	-	(12,315)	-	3,806	1,495	-	-	-	(7,014)	555	(6,459)
Total comprehensive (loss)/income for the period	-	-	(12,315)	-	3,806	1,495	-	-	11,447	4,433	(3,857)	576
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Value of employee services received for issue of share options	-	-	-	-	-	-	278	-	-	278	(126)	152
Transaction cost from issue of preference shares	-	16	-	-	-	-	-	-	-	16	-	16
Release of share awards	-	-	-	-	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	-	-	-	-	(9,875)	(9,875)	-	(9,875)
Total contributions by and distributions to owners	-	16	-	-	-	-	278	-	(9,875)	(9,581)	(126)	(9,707)
At 31 October 2018	49,449	478,339	(103,830)	10,885	22,031	(1,269)	1,651	(286)	97,077	554,047	45,082	599,129

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

<i>Amounts in US\$'000</i>	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasure- ment of retirement plan	Hedging Reserve	Share Option reserve	Reserve for own shares	Retained earnings	Total equity
Company										
Fiscal Year 2020										
At 1 May 2019	49,449	478,478	(93,375)	10,885	17,648	(2,452)	1,753	(286)	96,074	558,174
Change in accounting policy	-	-	-	-	-	-	-	-	(713)	(713)
At 1 May 2019, as restated	49,449	478,478	(93,375)	10,885	17,648	(2,452)	1,753	(286)	95,361	557,461
Total comprehensive income for the period										
Loss for the year	-	-	-	-	-	-	-	-	(75,615)	(75,615)
Other comprehensive income										
Currency translation differences recognised directly in equity	-	-	3,950	-	-	-	-	-	-	3,950
Remeasurement of retirement plan, net of tax	-	-	-	-	(18,642)	-	-	-	-	(18,642)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	(709)	-	-	-	(709)
Total other comprehensive income	-	-	3,950	-	(18,642)	(709)	-	-	-	(15,401)
Total comprehensive (loss)/income for the period	-	-	3,950	-	(18,642)	(709)	-	-	(75,615)	(91,016)
Transactions with owners recorded directly in equity										
Contributions by and distributions to owners										
Payment of Dividends	-	-	-	-	-	-	-	-	(19,987)	(19,987)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(19,987)	(19,987)
At 31 October 2019	49,449	478,478	(89,425)	10,885	(994)	(3,161)	1,753	(286)	(241)	446,458

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

<i>Amounts in US\$'000</i>					Remeasure- ment of		Share	Reserve for	Retained	Total
	Share capital	Share premium	Translation reserve	Revaluation reserve	retirement plan	Hedging Reserve	Option reserve	own shares	earnings	equity
Company										
Fiscal Year 2019										
At 1 May 2018	49,449	478,462	(91,515)	10,885	18,225	(2,764)	1,373	(286)	95,505	559,334
Total comprehensive income for the period										
Loss for the year	-	-	-	-	-	-	-	-	11,447	11,447
Other comprehensive income										
Currency translation differences recognised directly in equity	-	-	(12,310)	-	-	-	-	-	-	(12,310)
Remeasurement of retirement plan, net of tax	-	-	-	-	4,304	-	-	-	-	4,304
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	1,495	-	-	-	1,495
Total other comprehensive income	-	-	(12,310)	-	4,304	1,495	-	-	-	(6,511)
Total comprehensive (loss)/income for the period	-	-	(12,310)	-	4,304	1,495	-	-	11,447	4,936
Transactions with owners recorded directly in equity										
Contributions by and distributions to owners										
Transaction cost from issue of preference shares	-	16	-	-	-	-	-	-	-	16
Release of share awards	-	-	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	-	-	-	-	(9,875)	(9,875)
Total contributions by and distributions to owners	-	16	-	-	-	-	-	-	(9,875)	(9,859)
At 31 October 2018	49,449	478,478	(103,825)	10,885	22,529	(1,269)	1,373	(286)	97,077	554,411

DEL MONTE PACIFIC LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in US\$'000</i>	For the three months ended 31 October		For the six months ended 31 October	
	FY2020 (Unaudited)	FY2019 (Unaudited)	FY2020 (Unaudited)	FY2019 (Unaudited)
Cash flows from operating activities				
Profit (loss) for the period	(43,623)	7,397	(83,754)	7,035
Adjustments for:				
Depreciation of property, plant and equipment	42,071	31,699	75,490	61,857
Amortisation of intangible assets	1,662	1,663	3,325	3,329
Impairment loss on property, plant and equipment	40,793	1,284	40,777	1,259
Gain/(loss) on disposal of property, plant and equipment	(152)	(4,991)	1,436	(3,105)
Equity-settled share-based payment transactions	-	(124)	-	152
Share in net loss of joint venture	832	226	1,215	309
Finance income	92	(1,862)	(3,845)	(19,772)
Finance expense	27,150	25,171	52,385	48,234
Tax expense - current	3,653	7,212	46,966	2,680
Tax credit - deferred	(17,664)	(8,310)	(22,260)	(6,629)
Net loss (gain) on derivative financial instrument	212	(352)	633	(9,613)
Operating profit before working capital changes	55,026	59,013	112,368	85,736
Changes in:				
Other assets	5,021	9,016	(9,349)	5,503
Inventories	(157,195)	(110,116)	(270,653)	(143,585)
Biological assets	(368)	(883)	(318)	(3,469)
Trade and other receivables	(82,859)	(73,011)	(54,615)	(73,921)
Prepaid and other current assets	15,604	7,423	(3,076)	2,477
Trade and other payables	65,401	(29,909)	123,422	(48,949)
Employee Benefit	(1,777)	3,767	2,042	7,403
Operating cash flow	(101,147)	(134,700)	(100,179)	(168,805)
Income taxes paid	3,322	(1,768)	(36,449)	(1,768)
Net cash flows from operating activities	(97,825)	(136,468)	(136,628)	(170,573)
Cash flows from investing activities				
Interest received	158	107	311	245
Proceeds from disposal of property, plant and equipment	239	6,908	540	9,245
Purchase of property, plant and equipment	(31,058)	(27,558)	(55,379)	(55,895)
Net cash flows used in investing activities	(30,661)	(20,543)	(54,528)	(46,405)
Cash flows from financing activities				
Interest paid	(26,730)	(19,900)	(47,998)	(41,688)
Proceeds of borrowings	388,738	285,388	506,980	567,799
Repayment of borrowings	(203,268)	(98,952)	(222,166)	(299,963)
Payments of lease liability	(14,373)	-	(14,373)	-
Dividends paid	(9,875)	(9,875)	(19,987)	(9,875)
Proceeds from issuance of preference shares	-	-	-	16
Transactions costs related to issuance of preference shares	-	-	-	-
Payments of debt related costs	-	-	-	-
Net cash flows from financing activities	134,492	156,661	202,456	216,289
Net decrease in cash and cash equivalents	6,006	(350)	11,300	(689)
Cash and cash equivalents, beginning	27,198	33,296	21,636	24,246
Effect of exchange rate fluctuations on cash held in foreign currency	2,017	917	2,285	10,306
Cash and cash equivalents at 31 October	35,221	33,863	35,221	33,863

IMPACT OF CHANGE IN ACCOUNTING POLICY

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings as at 1 May 2019 (see Statement of Changes in Stockholder's Equity). Accordingly, the comparative information presented for fiscal year 2019 has not been restated. In relation to those leases under IFRS 16, the Group recognized depreciation and interest costs, instead of operating lease expense.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risk and rewards of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases, except for some short-term and low-value assets.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 May 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application (the Group applied this approach for leases under DMPI); or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments (the Group applied this approach for leases under DMFI).

For leases classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 May 2019 were determined at the carrying amount of lease asset and lease liability under IAS 17 immediately before that date. The Group has no finance leases under IAS 17.

Right-of-use assets and lease liabilities are presented separately in the consolidated statement of financial position.

The impact of adoption of IFRS 16 as at 1 May 2019 is as follows*:

Consolidated Statement of Financial Position

<i>Amounts in US\$'000</i>	1 May 2019
ASSETS	
Prepaid expenses and other current assets ¹	(1,661)
Right-of-use assets (ROU)-net	235,909
Deferred tax assets	2,473
Other noncurrent assets ¹	(23,896)
	212,825
LIABILITIES AND EQUITY	
Lease liability - current portion	29,165
Lease liability - noncurrent portion	191,979
Other noncurrent liabilities ¹	(7,606)
Total Liabilities	213,538
Retained earnings	(713)
Total Equity	(713)
	212,825

* Adjusted as of October 2019 from the earlier numbers presented as at July 2019 mainly from future land rental recalculation as well as impact of transition adjustments on deferred taxes.

¹ The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied (DMPI). Other right-of use assets were measured at the amount equal to the lease liability (DMFI). The right-of-use assets were adjusted by the amount of any prepaid rent expense (previously classified under "Prepaid

expenses and other current assets”), deferred rent (previously classified under “Other noncurrent assets”), and accrued rent expense (previously classified under “Other noncurrent liabilities”) relating to the lease recognised in the balance sheet as at 30 April 2019 resulting to the respective reduction amounting to US\$ 1.6 million, US\$ 23.9 million, and US\$ 7.6 million, respectively, as at 1 May 2019.

Impact of adoption of IFRS 16 in the statement of financial performance of the Group for the six months ended 31 October 2019:

Consolidated Statement of Financial Performance

<i>Amounts in US\$'000</i>	Six Months Ended 31
Turnover	-
Cost of Sales	(917)
Gross profit	917
Less: General and administration expenses	(122)
Add: ROU Amortization	7,361
EBITDA	8,400
Less: ROU Amortization	7,361
Profit from operations	1,039
Financial expense	4,173
Profit /(loss) before taxation	(3,134)
Taxation	(855)
Profit/(loss) after taxation	(2,279)
Profit(loss) attributable to:	
Owners of the Company	(1,999)
Non-controlling interest	(280)
Profit/(loss) for the period	(2,279)

ONE-OFF EXPENSES/(INCOME)

Amounts in US\$ million	For the three months ended 31 October			For the six months ended 31 October		
	FY2020 (Unaudited)	FY2019 (Unaudited)	%	FY2020 (Unaudited)	FY2019 (Unaudited)	%
DMFI one-off expenses:						
Plant closures	75.5	(1.9)	(4,073.7)	77.2	6.4	(1,106.3)
Seed operation	-	(1.1)	(100.0)	-	(1.1)	(100.0)
Severance	1.2	1.7	27.5	1.6	1.8	11.1
Others	0.1	(0.4)	nm	0.2	-	nm
Total (pre-tax basis)	76.8	(1.7)	(4,737.7)	79.0	7.1	(1,012.7)
Tax impact	(18.7)	0.4	4,775.0	(19.2)	(1.7)	1,029.4
Non-controlling interest	(6.1)	0.1	4,336.1	(6.3)	(0.6)	950.0
Total DMFI one-off expenses (post tax, post NCI basis)	52.0	(1.1)	(4,776.3)	53.5	4.8	(1,014.6)
Second Lien Loan Purchase:						
Gain due to the purchase of DMFI's second lien loan at a discount	-	-	nm	-	(16.2)	(100.0)
Tax impact for the other one-off items	-	-	nm	-	3.4	nm
Total one-off gain on second lien loan purchase (post tax basis)	-	-	-	-	(12.8)	(100.0)
Intercompany Dividends Tax:						
Final tax paid on intercompany dividends	-	-	nm	39.6	-	nm
Deferred tax on undistributed share in profits	1.3	-	nm	2.7	-	nm
Total one-off final taxes on intercompany dividends	1.3	-	nm	42.3	-	nm
Total (post-tax and post non-controlling interest)	53.3	(1.1)	(4,893.2)	95.8	(8.0)	nm